



# FINANCIAL TIMES

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## NEWS SUMMARY

### GENERAL

## U.S. 'not to use force yet'

President Ford yesterday gave Cambodia's Khmer Rouge rulers more time to free the American merchant ship they seized on Monday. The U.S. prepared to use force to get her back if Mr. Ford decides it is necessary. A U.S. reconnaissance plane flying over Cambodia's jungles was hit by small arms fire.

The ship, the Mayaguez, with 42 crew was held off a small island about 30 miles off Cambodia.

The U.S. admitted that the Mayaguez was under Defence Department charter and that "about 10 per cent." of its cargo was military.

Ships of the U.S. Seventh Fleet, including the carrier Coral Sea, are bound for the Gulf of Thailand, and 1,000 Marines began being flown from Okinawa to Thailand early today.

### U.K. recognition

Britain recognised the Provisional Revolutionary Government of South Vietnam.

In Bangkok the recently formed Thai civilian Government said it would not allow the use of Thai territory for an American attack on Cambodia, writes our Asia Correspondent. Back Page

### Heffer wrong on steel, says EEC

An EEC spokesman flatly denied Mr. Eric Heffer's claim that there had been secret meetings on steel between EEC Commissioners and pro-Market British Ministers, and said there was absolutely no connection between the British referendum and the absence of the proposals for direct EEC intervention in the steel market.

The GLC voted 42:38 for a Tory motion "urging the people of Greater London to vote Yes in the June 5 referendum." Page 12

### Doubts on choice

Places for students in higher education will be based on "estimated national needs of trained manpower" and not as at present on the "natural" subject choice of school-leavers, said Lord Crowthurst, Minister of State for Education and Science responsible for higher education. Page 10

### Picket ban stays

The Appeal Court upheld a ruling outlawing picketing of an estate agent's offices. Prebble and Co., by Islington people objecting to displacements of sitting tenants to make way for fashionable housing developments, Lord Denning, Master of the Rolls, one of three judges sitting, dissented and supported the public "right to protest." Page 10

### Pay-bed cuts

About 430 pay beds will be removed from the National Health Service from July 1, a cut of almost 10 per cent., as part of the "phasing-out" policy. Page 10

### Champagne champ

The world champagne can no longer be used to describe sparkling cider or perry, nor may it be used in any manner "calculated to lead to confusion or deception," ruled Mr. Justice Whitford in a High Court judgment. Back Page

### People and places

Young mother Mrs. Nellie Ross and her baby Helen, seven weeks, died under an express train at Witham, Essex.

Stockbroker Francis Raymond Dodgson, of East Bergholt, Suffolk, was sent for trial at Harwich charged with "wilfully and maliciously placing himself on the railway" obstructing the Harwich boat train.

### CHIEF PRICE CHANGES

(Prices in pence unless otherwise indicated.)

#### RISES

|                         |         |
|-------------------------|---------|
| Treasury 9pc 1984-1994  | 104 1/2 |
| Transport 9pc 1984-1994 | 104 1/2 |
| Barlow Rand             | 258 1/2 |
| Caledonia Int.          | 143 1/2 |
| Hunting Assoc.          | 52 1/2  |
| Standard Chartered      | 489 1/2 |
| Wayburn Engr.           | 185 1/2 |
| Pres. Steyn             | 510 1/2 |
| Randfontein Est.        | 511 1/2 |
| Western Areas           | 630 1/2 |

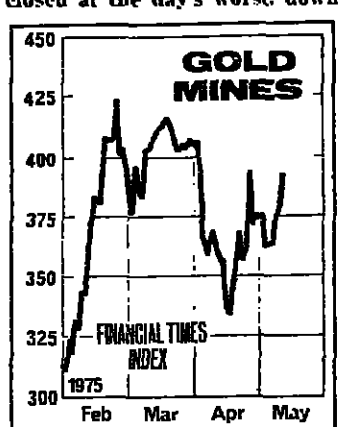
#### FALLS

|                     |         |
|---------------------|---------|
| Barclays Bank       | 270 1/2 |
| Bates U.S.          | 68 1/2  |
| Benson Int.         | 275 1/2 |
| British Home Stores | 160 1/2 |
| British Syphon      | 18 1/2  |

### BUSINESS

## Equities fall 7.5 but gilts recover

Equities fluctuated nervously and, following the CBI industrial trends survey, fell 7.5 per cent. The FT 30-share index closed at the day's worst, down



7.5 at 332.3. Falls led rises in FT-quoted Industrials by 2.1. Gold Mines index gained 13.0 to 393.2.

GILTS rallied after the fall in U.S. Treasury Bill rates. Gains ranged to 1/2, with the Government Securities index up 0.38 at 57.20 after Monday's loss of 0.64.

GOLD gained 50c to \$166.

STERLING rose 90 points to \$2.3073, with its weighted depreciation 25.2 per cent. (25). Dollar's was 6.80 (6.43).

WALL STREET gained 2.66 to close at 850.13.

VOLKSWAGEN and Chrysler senior executives will meet in Detroit this month when the German car company is expected to try to persuade Chrysler to set up a joint venture for the production of its vehicles in the U.S. Page 5

FRANCE'S CII group president resigned in protest at the Government decision to merge his company with Honeywell Bull. Page 6; Feature Page 16

EXPORT CREDIT restriction talks ended in failure in Brussels, with the U.S., Japan and the European Community unable to agree on guidelines. Back Page; Editorial comment, Page 16

## Japanese cars import duty call

IMPORT DUTY on many Japanese car shipments to the U.K. has been formally requested from the Government by the Society of Motor Manufacturers and Traders. Page 8

WORLD TANKER owners are to seek a round-table meeting with bankers, shipbuilders and oil interests in a bid to limit the ever-increasing glut of oil tanker tonnage. Page 4

AN ARAB consortium has bought a 25 per cent. stake in merchant bankers Edward Bates in a £1.34m. deal with Atlantic Assets Trust, the Edinburgh investment concern which has been Bates' largest shareholder. Back and Page 10

FIRST NATIONAL Finance Corporation, the secondary bank, is being heavily backed by the big banks' consortium, provided £33m. against its loans and investments, resulting in an £8.2m. net loss for 1974. Back Page and Lex

UNITED BISCUITS is raising £14m. by an underwritten one-for-four rights issue at 75p a share. Page 20 and Lex

RANKS HOVIS first-half pre-tax profit rose to £13.22m. (£12.5m.) and the chairman (increased a profit for the year) said August 31 of not less than £22.5m. Page 21 and Lex

# Bank holds pound's fall at 25.2% with \$200m. aid

BY WILLIAM KEEGAN, ECONOMICS CORRESPONDENT

The Bank of England is thought by foreign exchange market sources to have spent in the region of \$200m. supporting the pound yesterday, on a day when sterling sank to an all-time low of 25.2 per cent. below December, 1971, levels, compared with 25 per cent. on Monday.

It is the first occasion during the recent slide in the pound's rate that the U.K. authorities have been seen to supporting aggressively the exchange rate, as opposed to smoothing out fluctuations in the market.

The level of yesterday's support is large by the standards of experience under the floating exchange rate regime, but minor by comparison with, for example, the \$2.4bn. devoted to supporting the rate in the two days before the pound was floated in June, 1972.

The decline in the pound so far has been regarded by the authorities as inevitable in view of the U.K.'s high inflation rate. That is why, until yesterday, there has been no serious attempt to arrest the movement of the exchange rate.

Yesterday's activity by the authorities gives the impression that they regard the recent fall in sterling as enough for the time being. The action to steady the market has also to be seen in the light of the upsurge in the exchanges in general, and the dollar in particular, caused by the latest turn of events in Cambodia.

But, notwithstanding the various rumours in financial markets, there is no indication that the Government is planning any serious package of economic measures this side of the referendum on June 5.

The customary annual visit of an International Monetary Fund

| WORLD INFLATION RATES | MARCH 1974-75 | March rise |
|-----------------------|---------------|------------|
| Germany               | 5.9           | 0.5        |
| Sweden                | 7.3           | 0.5        |
| Switzerland           | 7.3           | 0.4        |
| Austria               | 9.2           | 0.4        |
| Portugal              | 9.7           | 1.0        |
| Netherlands           | 10.0          | 1.5        |
| United States         | 10.3          | 0.4        |
| Luxembourg            | 10.5          | 0.7        |
| Canada                | 11.3          | 0.5        |
| Norway                | 11.8          | 1.1        |
| Denmark               | 13.4          | 0.8        |
| France                | 13.5          | 0.8        |
| Greece                | 14.2          | 1.5        |
| Italy                 | 14.2          | 1.0        |
| Belgium               | 14.4          | 0.7        |
| Spain                 | 18.0          | 0.9        |
| Finland               | 18.5          | 1.4        |
| Britain               | 21.2          | 2.0        |
| Turkey                | 25.0          | 2.1        |
| OECD                  |               |            |

Government which is not — at this stage — forthcoming.

These discussions occur every May. While there are many people inside and outside Whitehall who would like to see IMF pressure on U.K. economic policy, the IMF is not in a position to exert such pressure until

# Recession will not reach bottom before 1976—CBI

BY HAROLD BOLTER, INDUSTRIAL EDITOR

INDUSTRY in the U.K. was unlikely to hit the bottom of the economic recession until the end of the year, the Confederation of British Industry said yesterday. The grim forecast is based on the CBI's latest industrial trends survey, which points to worsening prospects for employment, investment, production and export competitiveness.

Mr. Campbell Fraser, chairman of the CBI's economic situation committee and managing director of Dunlop Holdings, said that the survey's results indicated that manufacturing industry was moving into a recession which could be deeper than that experienced in any previous cycle.

Not only home demand, but overseas demand is weak, he said. Intentions are poor and very many firms clearly intend to reduce the numbers employed.

In other circumstances the ease for reflation would be strong. However, the survey shows that this is precluded both for counter-inflationary reasons and because of the trend in exports.

Supporting employment by boosting domestic production would add to inflationary pressures both directly and through the external account mechanism before very long.

Come the day of reckoning, the consequences for employment could be very much worse even than those presently envisaged," Mr. Fraser said.

The CBI also expressed deep

concern over the export implications of the survey, which is carried out among 1,232 of its members, who employ about 3m. people and produce about half of the U.K.'s manufactured exports.

It said that the Chancellor's strategy was based on the prospect of an export-led recovery in industrial activity.

Another major danger was that even if U.K. products were not over-priced, at home and overseas markets, manufacturers might not have the capacity to cope with the next upswing in demand.

The question must be faced of the degree to which U.K. industry will be able to compete, even if buoyant market conditions do emerge abroad, unless pay increases are moderated," the CBI said.

On the basis of recent surveys, the Confederation believes that there will be a substantial fall in manufacturing investment this

year and next.

"The manufacturing sector must be in a position to benefit from the forecast expansion of world trade and to meet investment demand when it recovers."

But for this to happen, pay increases must be limited to protect investment and our ability to compete.

"Given the current situation of wage demands, price controls, liquidity difficulties and inadequate profitability, the response of the company to pay demands which are unjustifiable on any criteria must be to seek to reduce employment. The survey shows that companies are doing exactly that."

Although the CBI claimed that excessive wage increases were at the root of most of Britain's problems, it did not offer any formula for changing the situation.

"We have always taken the line that the CBI cannot do this alone. There has to be co-operation between the three parties involved—the CBI, the TUC and the Government."

In detail, the survey paints the following picture of prospects for the various sectors of economic activity:

Business confidence: The level of optimism remains very low, largely because of the low level of activity.

Orders: The rate of intake has fallen consistently and rapidly since July last year, and the

## Ferranti proposals likely to-day

BY NICHOLAS LESLIE

GOVERNMENT proposals for supporting Ferranti, the electronics group which ran into liquidity problems last August, may be announced to-day by Mr. Anthony Wedgwood Benn.

Since the third tripartite meeting last week between management, unions and the Government, there has been an almost continuous dialogue between the Ferranti brothers, Sebastian and Basil, and Sir Don Ryder, the Government's Industrial Adviser, and the small print of an agreement now appears to have been settled.

The unions' demand that the Government should have a controlling interest in Ferranti appears to be satisfied, although it appears that the degree of control will be far less than originally seemed likely. Instead of around 75 per cent. of the company, the Government stake will probably be close to 50 per cent., with two Government representatives on the Ferranti Board.

Between £14m. and £16m. will be injected into Ferranti to enable it to fund its existing overdraft and leave it with sufficient working capital.

When the Government stepped in last August to support the company, it appeared that the overdraft had risen to about £12m. and that National Westminster Bank was only prepared to increase the level with a Government guarantee. This was given.

At present, the Ferranti brothers control 56 per cent. of the Ferranti voting capital. Although they will lose this control, they are both likely to remain on the Board.

Ferranti has always been considered as a leader technologically, but with weaknesses on its commercial side. The management is expected to be strengthened by the Government. Proposals to be announced will apply to the general situation at Ferranti but this will still leave the long-term future of the troubled transformer division to be resolved. It appears, however, that Mr. Benn has already given the unions assurances that this division will remain within the Ferranti group and will not be bived off.

## Chrysler and unions in new bid for peace

BY PETER CARTWRIGHT, MIDLANDS CORRESPONDENT

CHRYSLER U.K. yesterday set up a top level meeting with motor industry union leaders as Mr. Michael Foot, the Employment Secretary, made a plea in the Commons for an end to the damaging pay strike by 4,000 of the company's key workers.

Although designed ostensibly to discuss the company's recent offer of worker participation and profit sharing—which was brought forward in an abortive bid to head off the strike—top-level discussions are likely to cover the dispute which threatens to halt all Chrysler car production by the end of the week.

Indeed, the composition of the meeting, coupled with Mr. Foot's plea, make this virtually certain. The union side is expected to be led by Mr. Jack Jones, the Transport Union leader, who will, with Mr. Moss Evans, his national organiser, be dealing with the car industry. Mr. Bob Wright, Mr. Les Dixon and Mr. John Boyd, all executive members, will represent the Engineers, while Mr. David Bassnett, general secretary of the General and Municipal Workers, and Mr. Frank Chapple, general secretary of the Electricians and Plumbers are also expected to attend.

The Chrysler (U.K.) team, led by Mr. Gilbert Hunt, chief executive, will be Mr. Don Lander, managing director, Mr. Peter Griffiths, industrial relations director, and Mr. Wayne Gillespie, vice-president (Europe) and general manager of Chrysler International.

This hastily arranged top level meeting has, significantly, been called on the eve of a mass meeting of strikers at the Stoke engine plant. It will also have the benefit of knowing whether the stewards—who, on Monday voted 120-16 to continue the strike—are as firmly resolved to do so when they meet again to-day.

The fact that some of the wives are also stepping into the arena could be a factor. Taking a leaf out of the recent action of wives at the troubled British Leyland car plant at Cowley, Oxford, Mrs. Sheila Willis, wife of Mr.

## Commons talks on company

Chrysler's future in the U.K. will be discussed at the House of Commons this morning when senior executives of the company appear before the Trade and Industry sub-committee investigating the motor industry.

for negotiations, the stewards seem solidly determined to press their demand for £8 on the table before they will resume. Their target is an extra £15 a week. Chrysler has said it will make an offer on May 23 if there is an immediate resumption, and that this will take into consideration the progress of discussions on employee participation together with the wage aspirations of employees.

Meanwhile, the nearby Ryton plant making Avengers is expected to start laying off 4,000 workers to-morrow.

The three week-old pay strike by 700 clerical staff employed by Dunlop Engineering in Coventry, claimed more lay-offs among British Leyland workers yesterday, bringing the total to more than 14,000 in the Midlands and on Merseyside.

After 14 hours of talks—which began on Monday—to try to find a peace formula, a joint statement said some progress had been made.

The talks will resume to-day. Parliament, Page 13

### FEATURES

France - U.S. computer dating

The Sovereignty case at the EEC Court

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Hungary: Kadar stays on top

Korea's uncertain prospects

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# Containing the sterling crisis

BY C. GORDON TETHER

THE FACT that currency markets are now beginning to see the weakness of the £ as giving cause for concern about the dollar, on the argument that the collapse of one reserve currency could trigger off a major international financial crisis, shows that the British economic crisis has entered a new and much more dangerous phase.

Britain and the other leading countries have got to recognise that it is no longer appropriate to talk in terms of letting the floating rates system "take the strain"—indeed, that the time has come to start organising an international financial co-ordination operation aimed at keeping the sterling situation from getting completely out of hand while measures to achieve the £s basic rehabilitation are put in hand.

## Restrictions

The floating rates system has taken care—at a price—of all the big international monetary upheavals of the past year or two. And the British authorities have doubtless been hoping that allowing market forces to take the value of sterling down to the point of the devaluation presented by the latest flight of funds from London.

The trouble is that the situation in the sterling markets is now so explosive that the further the £ moves down the greater the build-up of selling pressure could well become. For the outside world is already being halfhearted about the £ on its last legs and will, in consequence, be predisposed to interpret any new depreciation as denoting that the worst really is coming to the worst.

It is significant that some of the international newsletter writers have recently started warning their readers not only against the danger of a further British devaluation of the order of 10 per cent, or more. They have also been speaking of the possibility that such an adjustment will be accompanied by the introduction of stringent monetary controls and official acquisitions of the foreign holdings of British corporations.

I have not yet seen it specifically suggested that such monetary controls "could run to the imposition of restrictions on the removal of foreign-owned funds from Britain—it is usually taken for granted that the British authorities, being mindful of the serious implications such a step would have for London's future as an international financial centre, would always stop short of a move of this kind.

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# RACING Val's Girl for Musidora

JUDGING from the antepost market, many backers anticipate that Val's Girl will follow in her mother's footsteps by landing the Oaks. Sir Charles Clive's brown filly, whose sire, Sir Ivor, won the Derby two years ago, landed the Oaks in 1966, has been backed during the last week to favourite for the second all-time classic.

If Val's Girl is to maintain her position as market leader for the Oaks, she must defeat some highly promising fillies in today's 104-furlong Musidora Stakes (2.35) at York. I am hopeful that the task will not prove beyond her.

Val's Girl, whose dam, also owned by Sir Charles Clive, is a half-sister to that outstanding Sunday Stakes winner, Val de L'Or, responsible for Sunday's easy 100-furlong winner Val de L'Orne, has made only one appearance this season. An hour after the 2,000 Guineas she showed that she had improved considerably since her two-year-old days when justifying good support in the Pretty Polly Stakes.

Sent into the lead 14 furlongs from home, Willie Carson's mount quickly forged clear to win as she pleased from Myotis with Cresset in third place.

## SALEROOM BY ANTONY THORNCROFT

# Tower of London keeps buying

THERE was a mixed demand for the weapons of at Sotheby's yesterday. A sale of longarms, pistols, crossbows, and swords, the property of an (anonymous) nobleman, made £45,485, with a few disappointments, and another sale of antique arms, along with modern sporting guns, totalled £38,511.

The Tower of London maintained its reputation as a keen buyer, acquiring a rare late 18th-century silver mounted pistol for £5,200, above the estimate. A pair of 12 bore sidelock, self-opening, engraved sporting guns, by J. Purdy and Sons, sold for £2,500 to an Austrian buyer, and a rare Dutch (or German) wheel lock pistol, of the early 17th century, fetched £1,750.

Top prices in the 48 lots in the single collection were £2,400 given by an American collector for a pair of Dutch flintlock holster pistols of the late 17th century, and £2,200 by a Dutch dealer for a similar pair.

Other sales at Sotheby's included one of Italian printed books which realised an impressive £36,300, making a two-day total of £57,525. A first edition of *Le Vite de Piu Eccellenti Architecti* by Giorgio Vasari, in a contemporary Roman binding, went for £4,500, and a first, 1798, edition of *Mathus's Essay on the Principle of Population* was bought for £1,700.

At Sotheby's Belgraveia, English and European Prints, 1680-1880,

Fred Darling Stakes at Newbury on April 12.

May Hill will be seen to far better advantage over the saddle than these figures here and she seems sure to make a close race of it with the selection.

Even if Carson fails to land the Musidora on Val's Girl, I expect him to have few worries on the once-raced Lord Helpus in the Scarborough Stakes (2.30). Despite looking more backward than this, Green God colt was the only runner in Newmarket's May Maiden Plate on the first of this month to make a race of it with African Winner.

African Winner paid a compliment to that form when over-coming the worst draw at Windsor on Monday night and I shall be disappointed if Lord Helpus fails to get off the mark.

In a particularly open race for the valuable Spring Cup (3.00), a handicapper for three-year-olds and above over six furlongs, the two I like best are those game course winners, White Hope and Queen's Notice.

The last named, from Bruce Hobbs' in-form stable which sent out Everything Nice to win the first race here yesterday, may just have the edge. However, the latter hardly appeals as a betting medium.

## GARDENS TO-DAY

# Bigger and better Polyanthus

BY ROBIN LANE FOX

"WHEN THE lawyer is swallowed up in business and the statesman in his own mean group of small plots," remarked Frank Walton, "a fine stage of primula is hardly ever to be seen in the garden of the politician."

I dare say there are primrose banks on the Scilly Isles too, but pleasant though they would be, they do not answer the question of the more people than the timing of a political plot. How should gardeners grow the best polyanthus, enlarged enough of the primrose, and how can they increase them from one clump to the next?

I will assume a dubious point before discussing this. "Best" means "biggest," at least for the polyanthus which is distinguished from the wild primrose by the stiffness of its taller stem, the clusters of its flowers and, nowadays, the range of colours which run round the typical egg-yellow centre of its petals. If it is dark red or large-flowered, it is sure to be a polyanthus, a word which only means "many-flowered." It is possible for open collectors to lose their selves for a lifetime in search of antique varieties, half-way between primrose, polyanthus and cowslip. Jackpans-on-horseback, ever since Hosierville was described to me as having one bloom emerging out of another like Tudor stockings, my wish to hunt out a plant of it has waned away. It sounds decidedly risqué.

You may be wondering why other polyanthus are a problem. They grow in most gardens, I grant you, but they do not grow as well as they can. When I first went to the Chelsea flower show, I was most struck by the size of the polyanthus and the begonia, think but here you must use the number of their high among the favourite flowers, just as size was a bag tightly over the seed of polyanthus and begonia by the standards of their exhibitors, and appear, remove the polythene of the exhibitors' guide to the Primula, printed a century ago, although there are many who while,

ago, which I read on returning to my business and the statesman in his own mean group of small plots," remarked Frank Walton, "a fine stage of primula is hardly ever to be seen in the garden of the politician."

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Failure has proved to me that there are two cardinal principles in the treatment of a polyanthus. One is to let it be in a seed bed, not in the open ground, and never ever be allowed to dry out, or else trust in young divisions from a stock which you dislike. The other is to let it be in a seed bed, not in the open ground, and never ever be allowed to dry out, or else trust in young divisions from a stock which you dislike. The other is to let it be in a seed bed, not in the open ground, and never ever be allowed to dry out, or else trust in young divisions from a stock which you dislike.

## BBC 'final offer' to televise Test series

THE BBC has made a "final offer" to MCC of more than £100,000 to televise summer Test series, with Australia. It has increased its previous £86,000 suggestion, but now says "there is simply no more in the pot."

Mr. Bryan Cowgill, controller of BBC-1, told the Broadcasting Press Guild in London that an improved offer had been made to MCC. "It was made clear that this improved offer represented only a final offer," he said. "The Test series, the BBC would be investing £200,000 in cricket and could not go any further. He would not be drawn on the actual size of the new offer, but said it would be unlikely to be less than 20 per cent more than the original fee. MCC is in a take-it-or-leave-it position because, he said, it is likely to offer £100,000 for the rights. Meanwhile, a similar stubbornness is being shown by the European broadcasting authorities to the Olympics organisers in Montreal. So far Europe has refused to pay anything like the £100,000 demanded for the 1976 Games.

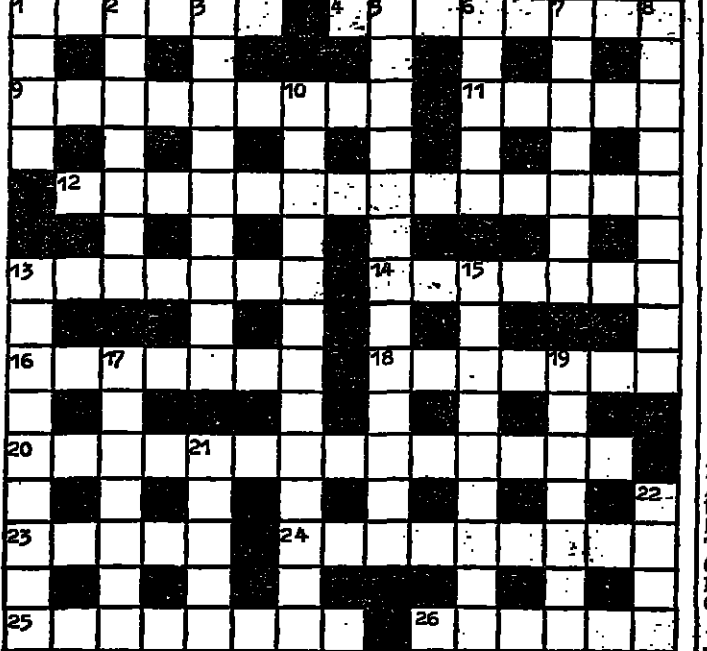
## TV Radio

↑ Indicates programme in black and white.

**BBC 1**

7.38 a.m. For Schools, Colleges, 10.45 You and Me, 11.00 For Schools, Colleges, 12.30 p.m. Day and Night, 12.55 News, 1.00 Pebble Mill, 1.45 Fingerbobs, 2.02 For Schools, Colleges, 12.58 Regional News (except London), 4.00 Play School, 4.25 Boris the Bear, 4.35 Jam Jam, 4.50 The Monkees, 5.15 If You Were Me.

## F.T. CROSSWORD PUZZLE No. 2,777



- ACROSS**
- Endorse action and leave the office (6)
  - Splits made by cutters (8)
  - A fellow accepting a proportion in praise (8)
  - Attempts to get king in knots (5)
  - Multiple one on course where assemblies take place (10, 4)
  - One who keeps the ignition going or stops it (7)
  - Former copper with south-eastern division initially is exonerated (7)
  - Talk extravagantly about a love affair (7)
  - Notice work going to Edward is approved (7)
  - Adjust a skim ruler to pose a problem to a person (3, 3, 8)
  - Indisposed but takes trouble to editor (5)
  - Stop party glance sideways at ammunition carrier (9)
  - Thrashed the French and the English commander (8)
  - Outline a rough drawing (6)
- DOWN**
- Raise the back (4)
  - One who searches for a washing machine (7)
  - Wary, being a soldier (9)
  - To study team allowance requires compensation (13)

## BBC 2

7.40 a.m. Open University, 11.00 Play School, 11.50 p.m. Open University, 7.45 p.m. World Without Sun, 7.50 Newsday, 7.55 Gumbies and the Golden Apple, 8.10 Worldwide, 8.15 Western Times, 8.20 Inside Story, 10.35 Don't Quote Me, 11.05 News Extra, 11.25 CloseDown: Robert Powell reads "Sincerely" by Louis MacNeice.

## LONDON

9.30 a.m. Schools Programmes, 12.00 Mr. Trimble, 12.15 p.m. The Adventures of Rupert Bear, 12.30 Mr. and Mrs. 1900 First Report: News, 12.35 12.30 Lunch-Time, 1.30 Crown Court, 2.00 Good Afternoon, 2.20 Rooms, 2.50 Racing from York, 4.25 Captain Cook's Travels, 4.35 Baldmorney.

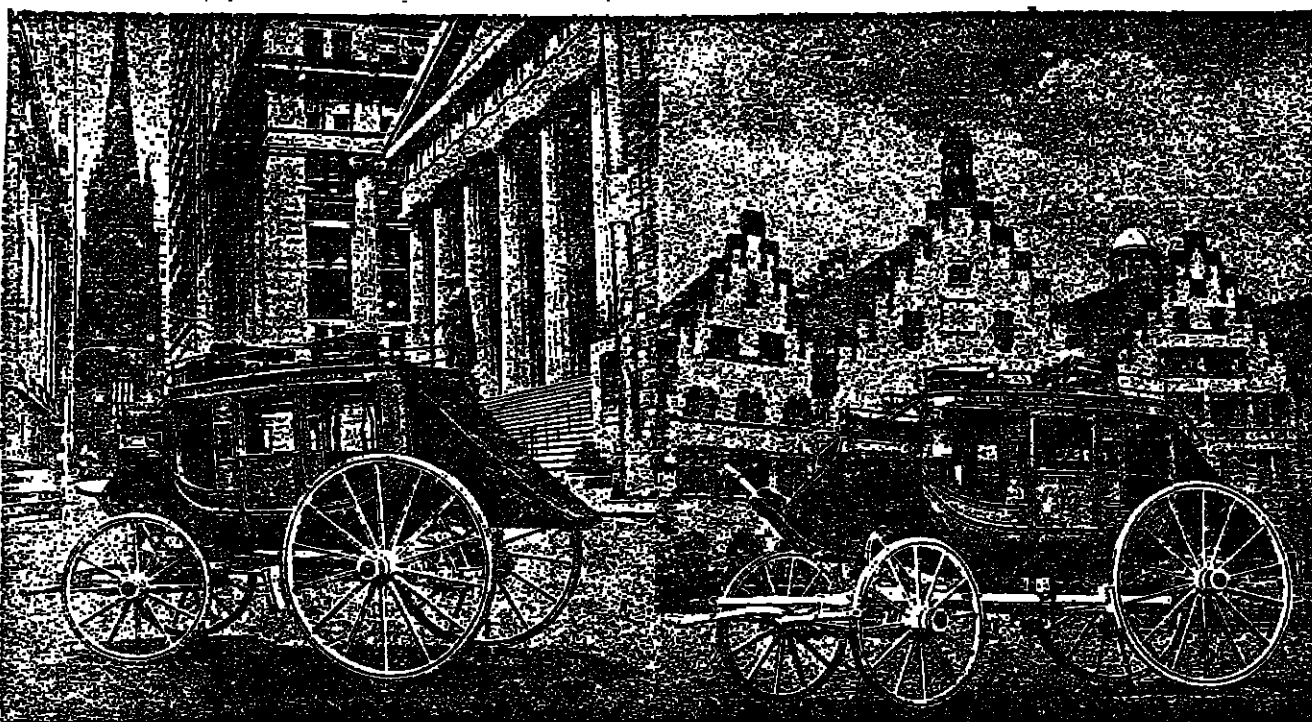
## RADIO 1

6.00 a.m. As Radio 1, 7.30 News, 8.00 a.m. As Radio 1, 8.30 News, 9.00 a.m. As Radio 1, 9.30 News, 10.00 a.m. As Radio 1, 10.30 News, 11.00 a.m. As Radio 1, 11.30 News, 12.00 a.m. As Radio 1, 12.30 News, 1.00 a.m. As Radio 1, 1.30 News, 2.00 a.m. As Radio 1, 2.30 News, 3.00 a.m. As Radio 1, 3.30 News, 4.00 a.m. As Radio 1, 4.30 News, 5.00 a.m. As Radio 1, 5.30 News, 6.00 a.m. As Radio 1, 6.30 News, 7.00 a.m. As Radio 1, 7.30 News, 8.00 a.m. As Radio 1, 8.30 News, 9.00 a.m. As Radio 1, 9.30 News, 10.00 a.m. As Radio 1, 10.30 News, 11.00 a.m. As Radio 1, 11.30 News, 12.00 a.m. As Radio 1, 12.30 News, 1.00 a.m. As Radio 1, 1.30 News, 2.00 a.m. As Radio 1, 2.30 News, 3.00 a.m. As Radio 1, 3.30 News, 4.00 a.m. As Radio 1, 4.30 News, 5.00 a.m. As Radio 1, 5.30 News, 6.00 a.m. As Radio 1, 6.30 News, 7.00 a.m. As Radio 1, 7.30 News, 8.00 a.m. As Radio 1, 8.30 News, 9.00 a.m. As Radio 1, 9.30 News, 10.00 a.m. As Radio 1, 10.30 News, 11.00 a.m. As Radio 1, 11.30 News, 12.00 a.m. As Radio 1, 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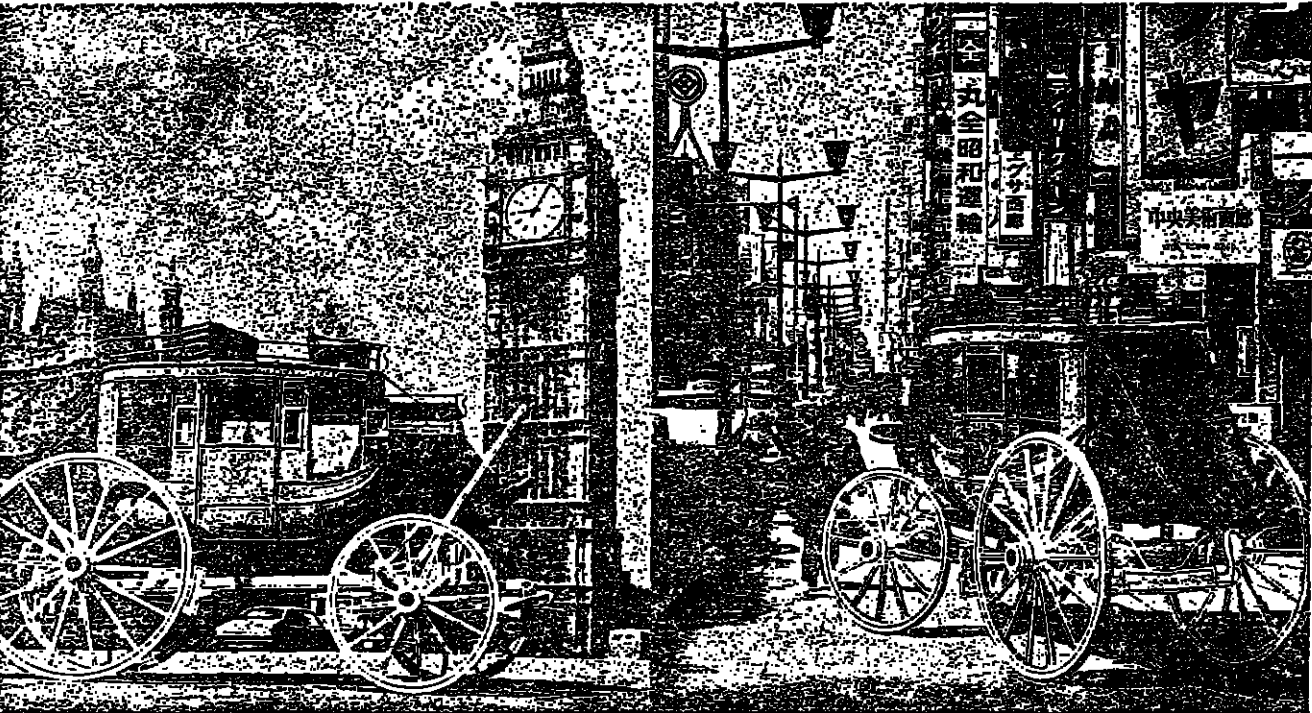








## Moving money world-wide.



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All of these securities having been sold, this announcement appears as a matter of record only.

14 May 1975



## WESTERN MINING CORPORATION LIMITED

(Incorporated under the Companies Act 1928 of Victoria)

US \$ 15,000,000

9 1/2 PER CENT. NOTES 1982

J. HENRY SCHRODER WAGG & CO. LIMITED

FIRST BOSTON (EUROPE) LIMITED

SOCIETE GENERALE DE BANQUE S.A.

SWISS BANK CORPORATION (OVERSEAS) LIMITED

|   |  |  |                                      |
|---|--|--|--------------------------------------|
| Alahli Bank of Kuwait K.S.C.                      | Algemeine Bank Nederland N.V.                              | Amsterdam-Rotterdam Bank N.V.                                | Androssus Bank A.S.                  |
| Arab Finance Corporation S.A.L.                   | Arnhold and S. Bleichroeder, Inc.                          | Julius Baer International Limited                            | Banca Commerciale Italiana           |
| Banca Nazionale del Lavoro                        | Banco di Roma  | Banco Urquijo  | Bank of America International Bank   |
| Bank Mees & Hope NV                               | Banque Arabe et Internationale d'Investissement (B.A.I.I.) | Banque de Bruxelles S.A.                                     |                                      |
| Banque Française du Commerce Extérieur            | Banque Générale du Luxembourg S.A.                         | Banque Internationale à Luxembourg S.A.                      |                                      |
| Banque Lambert-Luxembourg S.A.                    | Banque Nationale de Paris                                  | Banque de Neufville, Schlumberger, Mallet                    |                                      |
| Banque de Paris et des Pays-Bas                   | Banque Populaire Suisse (Underwriters) SA                  | Banque Rothschild  |                                      |
| Banque de Suez et de l'Union des Mines            | Banque de l'Union Européenne                               | Banque Worms   |                                      |
| H. Albert de Bary & Co. N.V.                      | Bayerische Vereinsbank                                     | Bergens Privatbank   | Berliner Handels-Gesellschaft        |
| Blyth Eastman Dillon & Co.                        | Brown Harriman & International Banks Ltd.                  | Caisse Centrale des Banques Populaires                       |                                      |
| Capitalfin Internacional S.p.A.                   | Cazenove & Co.   | Christiania Bank og Kreditkasse                              | Citicorp International Bank          |
| Comptegnia Finanziaria Interbancaria S.p.A.       | Creditanstalt-Bankverein                                   | Credit Commercial de France                                  | Credit Lyonnais                      |
| Credit du Nord et Union Parisienne—Union Bancaire | Credit Suisse White Weld                                   |  | Dalva Europe N.V.                    |
| Den Danske Landmandsbank                          | Den Danske Creditbank                                      |  | Deutsche Bank                        |
| Dewaz & Associés International S.C.S.             | Dillon, Read Overseas Corporation                          | Dresdner Bank  | Deutsche Girozentrale                |
| Finacor   | Robert Fleming & Co.                                       | Girozentrale und Bank der österreichischen Sparkassen        | Goldman Sachs International Corp.    |
| Finbros Bank                                      | Handelsbank in Zürich (Overseas)                           | Hill Samuel & Co.  | Hoare & Co. Govett Ltd.              |
| Investment & Finance Bank S.A.L.                  | Kidder, Peabody International                              | Kjøbenhavns Handelsbank                                      | Kleinwort, Benson                    |
| Kreditbank S.A. Luxembourg                        | Kuhn, Loeb & Co. International                             | Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.) |                                      |
| Kuwait International Investment Co. S.A.K.        |  | Kuwait Investment Company S.A.K.                             |                                      |
| Lazard Brothers & Co.                             | Lehman Brothers  | Lloyds Bank International                                    | Manufacturers Hanover                |
| Merrill Lynch, Pierce, Fenner & Smith             | B. Metzler seel. Sohn & Co.                                | Samuel Montagu & Co.   | Morgan & Cie International S.A.      |
| Morgan Grenfell & Co.                             | The Nikko Securities Co., (Europe) Ltd.                    | Nomura Europe N.V.   | Norddeutsche Landesbank Girozentrale |
| Sal. Oppenheim jr. & Cie.                         | Orion Bank   | Pierson, Halding & Pierson                                   | Post- och Kreditbanken, FKBanken     |
| Privatbanken Aktieselskab                         | N. M. Rothschild & Sons                                    | Salomon Brothers   | Schroders & Chartered                |
| Schroder, Münchmeyer, Hengst & Co.                |  | Skandinaviska Enskilda Banken                                | Smith, Barney & Co. Incorporated     |
| Società Finanziaria Assicurativa (Gruppo R.A.S.)  | Société Générale   | Société Privée de Gestion Financière                         | Société Séquanaise de Banque         |
| Strauss, Turnbull & Co.                           | Svenska Handelsbanken                                      | Trade Development Bank Overseas Inc.                         | Triokaus & Burckhardt                |
| Union Bank of Switzerland (Underwriters)          | Union de Banques Arabes et Françaises—U.B.A.F.             |  | Vereins- und Westbank                |
| S. G. Warburg & Co. Ltd.                          | Westdeutsche Landesbank Girozentrale                       | Williams, Glyn & Co.   | Yamichi International (Europe)       |

## WORLD TRADE NEWS

# Moves to restrict oil tanker construction

BY PETER DUMINY

TOKYO, May 13.

WORLD TANKER owners will seek a round table discussion with bankers, shipbuilders and oil interests in a bid to limit the ever-increasing glut of oil tanker tonnage. This was announced today by Mr. Jurgen Jahre, chairman of the International Association of Independent Tanker Owners, which represents 145m. tons of shipping, or about three-quarters of the world's privately-owned tanker fleet.

Mr. Jahre was holding a Press conference at the end of a two-day meeting attended by representatives of 22 tanker owners from nine countries. He said orders for about 25m. deadweight tons of tanker shipping (102 vessels) had been cancelled in the past year. That left approximately 145m. tons of tanker orders, which shipbuilders books and scheduled for delivery by the end of 1977.

"Unless something is done, it means about 1m. tons of tanker shipping will be launched each week, averaging a supertanker every two days," Mr. Jahre explained. "There is already an effective surplus of 40m. tons of which 25m. tons (368 tankers of various sizes) are laid up."

In a prepared statement, the Association said that to allow that to happen would be in nobody's interests. "It can clearly not be in the shipyard's interest to bring about a further surplus of tonnage through constructing new tankers without taking the present crisis into consideration."

Mr. Jahre said it was necessary "to restrict the order stock very considerably." The nub of the problem appears to be that shipyards are

resisting requests for cancellations or exacting heavy penalties in accordance with their contracts. "You will realise it is not easy for the shipyards," Mr. Jahre declared, confirming that cancellations negotiations were continuing with owners agreeing in some cases to substitute other types of shipping where yards faced acute problems.

"We believe governments may have to come into the picture with alternatives," he said, apparently having in mind assistance in converting facilities for more productive uses. No relief measures have been undertaken anywhere to date, the Association believes.

Intertanko believes there is a community of interest involving all concerned, including oil companies and oil producing states, to avert the threatened accumulation of "dead capital" once they had seen what they had in common, "we should be in a much better position."

Asked about the possible role of the International Maritime Organisation, Mr. Jahre replied that a number of ship-

## U.K. wool textile exports fall again

By Rhys David

WITH DEMAND for textile products around the world continuing at a reduced level, Britain's wool textile exports fell again in March.

The industry, which recorded total exports worth £236m. in 1974, sold 19 per cent less abroad in the first three months of this year compared with a year earlier. March exports at £15.3m. compared with £16.8m. in February and £21.3m. in March 1974. For the first three months shipments were £49m. against £60m. in 1974.

All sectors have shared in the decline. Raw wool shipments of £5.6m. fell 26 per cent by value and 7 per cent in volume compared with the first quarter of 1974. Exports of yarns were 2 per cent lower at £3.5m. and dropped 30 per cent in volume and of wool cloth by 11 per cent to £21.9m. and 23 per cent by volume. Earnings from top (combed wool) fell 39 per cent to £5.2m. and were 30 per cent down in volume.

The decline spread throughout most main markets, although perhaps significantly there was a substantial increase in cloth sent to Germany, one of the markets to turn down at the end of the present recession.

Shipments of woollen cloth climbed from 308,000 square metres to 717,000 and of worsted cloth from 150,000 square metres to 193,000. Sales to the Eastern bloc countries also increased. Cloth exports to Japan—the leading market for the U.K. textile industry in 1974—were substantially lower. In the first three months of 1975, shipments at only 748,000 square metres compared with 1.3m. a year earlier. Worsteds export dropped to 615,000 square metres against 1.2m.

Woolen exports to the U.S. fell from 849,000 square metres to 494,000 and worsted from 135,000 square metres to 86,000. Exports to other major markets including Canada, Australia, New Zealand, Denmark and Ireland all declined.

## Contracts Abroad

CITICONTAINER TRANSPORT INTERNATIONAL, New York, has agreed to purchase the first international containers to be manufactured in India. Arrangements through Asia Development Corporation, the contract covers 20,000 steel containers scheduled for production commencing July. They will be built at Khirsa Steel Works Private, near Bombay, to or above ISO standards.

STRATTON SHIPYARD, Singapore, is to build 20 vessels, 3,000 d.w.t. capacity worth £26.7m. for Fremdo, Norway. They are for cargo handling European waters, and will be built over a three-year span.

## Norway loses big contract

OSLO, May 13.

Bjorstad and Co., and Hagb. Wage (two ships each).

Press reports here say Aker will seek a large cancellation fee—possibly Kr.100m. (£8.5m.) from the French group. Over the past few months, the Stord yard has had contracts cancelled for 11 tankers totalling 42m. tons deadweight.

## Export Contracts

KENT INSTRUMENTS will provide control equipment worth £700,000 for a water supply scheme in Hong Kong.

RACAL-MILGO will supply data processing equipment worth £250,000 to Society of Worldwide Interbank Financial Telecommunications to serve 20 member banks in 13 European countries, the U.S. and Canada.

DECCA RADAR will supply navigational and tactical control radar worth £350,000 for the first 14 of the new Hawk class of fast patrol boats being built at Bergen for the Norwegian Navy.

ELECTROLID, Aylesbury (W. Canning), will manufacture plant worth £120,000, for barrel and rack plating of cadmium, copper and silver for a Tehran installation.

PYE TMC will supply carrier multiplex and coaxial line equipment worth £600,000 as part of Communications Consultants' £6.34m. order from Cameroon for a telecommunications network.

## Australian quotas on carpets, machinery

BY KENNETH RANDALL

CANBERRA, May 13.

NEW TARIFF and quota measures affecting the import of carpets, machinery and mushrooms were announced by the Government today. Temporary tariff quotas will come into force for imports of tufted and Axminster carpets if they exceed a specified trigger level during the next ten months.

Until the end of August the trigger level will be 1m. square metres during the preceding three months. If exceeded, the tariff quota, to operate for a year, will be 4m. square metres. Both the trigger level and the quota will rise in two stages to the end of next February.

The system will be particularly important for Britain and New Zealand, the major suppliers to the Australian market. In New Zealand's case there is a special preferential duty rate of 5 per cent, as New Zealand has been pressing strongly through the New Zealand-Australia Free Trade Agreement for continued unrestricted access.

New Zealand will continue to have a special entitlement under the free trade provision, but other exports will be counted into the trigger mechanism. The day's announcement gave a warning that if the trigger level on the carpet quota was exceeded "no special con-

sideration will be given to any goods which cannot be accommodated within the tariff quotas, irrespective of whether they be in transit, in bond, covered by irrevocable letters of credit or covered by firm orders."

The additional duty for above-quota imports will be \$410 per square metre.

For machinery used in textile and clothing manufacture, paper-making and printing, the Government has accepted a plan to scale down the present high levels of duty which have generally not been reviewed since the 1930s. But instead of happening at once it will be phased in over a period of years, starting in 12 months.

The slower approach was adopted because of fears that sudden change would add to already high unemployment in Australia.

On mushrooms, where both the local industry and imports have been booming in the past two years, there is something for each side. The duty is being reduced from 27 per cent to 25 per cent on fresh and processed mushrooms, but for canned and bottled mushrooms there is a rise from 13.2Ac a litre to 17.5 a litre. Local producers will get assistance grants warning that if the trigger level on the carpet quota was exceeded "no special con-

## Austrian visible gap down 14%

BY PAUL LENDVAY

VIENNA, May 13.

AUSTRIA'S VISIBLE trade gap during the first quarter of 1975 was 14 per cent below a year earlier at Sch. 9bn. (£220m.), reflecting the slackening of the domestic boom. Imports declined 4 per cent, while exports were steady.

There was a 9 per cent fall in sales to the EEC and an 8 per cent drop to EFTA, but sales in Eastern Europe rose 35 per cent. Imports from Eastern Europe were 16 per cent higher, while those from the EEC fell 4 per cent.

## IN BRIEF

### Energy problem

Before Mr. R. C. B. Morton, U.S. Secretary of Commerce, left Japan for a week's visit to China he was quoted as saying that Mr. F. D. Dent, the new special Presidential trade negotiator, would visit Japan shortly to discuss a new round of multi-nation trade talks aimed at reducing tariffs and removing non-tariff trade barriers. Mr. Morton and Mr. Toshio Komoto, Japanese Trade and Industry Minister, agreed to cooperate in realising a proposed world energy conference among oil-producing and consuming countries and developing nations.

### Tungsten carbide

Vest-Alpine, Vienna; Metallgesellschaft, Frankfurt; and Teledyne, Los Angeles, are investing 47.5, 47.5 and 47.5 per cent respectively of the £4m. capital of an Austrian plant to produce 1,000-1,200 tons annually of tungsten carbide and powder in a coal-mining area of Styria. The pits will be closed in 1976 and about 200 miners will work in the new plant, which will cover 10 per cent of European demand for tungsten, with 75 per cent of output for export.

### Loan to Pertamina

Five Japanese banks are lending Pertamina, the Indonesian state oil company, about \$100m. in mid-June. Exact amount and terms have yet to be determined. The move aims to help Pertamina to end its current financial problems.

### Libyan bank

The newly-founded Libyan Arab Bank will open in June. It was stated at Tripoli. Capital will be £39m., and seven Spanish

banks will contribute in addition to Government industries and investment corporations in Spain. Arrangements are also being made to open a Libyan-Algerian Bank in Paris with a capital of £43m.

### Exhibitions

● National Industrial Production and Machine Tool Show, Toronto (May 12-16) is running jointly with a symposium of British technology and metrication, computer technology for engineering and machining and grinding. It was opened by Sir Iwan Maddock, chief scientist, U.K. Department of Industry.

● Rank Taylor Hobson and A. A. Jones and Shipman are promoting a joint privately-sponsored export drive at the British Marketing Centre, Tokyo (June 1-7), to boost sales of precision measuring equipment and grinding machines. The two companies, employing each other's instruments and machines in their factories.

● At Poznan Fair (June 9-17) Matrix-Churchill International will exhibit machine tool and gauging equipment for the 15th successive year, including a flat die thread rolling machine, following the agreement to market Robertson thread rolling equipment overseas.

● At the Comptoir Suisse Fair, Lausanne (September 12-28) the three guest nations will be China, Kenya and El Salvador.



## ARNOLDO MONDADORI EDITORE

S.p.A.—Head Office in Milan  
Capital: Lit. 7,507,500,000

Annual General Meeting of the 30th April 1975

The Company's Annual General Meeting, under the chairmanship of Cav. del Lav. Giorgio Mondadori, was held in Milan on 30th April 1975 in order to approve the Balance Sheet as at 31st December 1974.

In its Report, the Board revealed the following significant items:

- Turnover for the year amounted to Lit. 129,572m., total gross proceeds amounted to Lit. 130,745m.;
- Exports, already included in the total turnover, amounted to Lit. 24,300m.;
- Profits amounted to Lit. 840m.;
- Industrial investments for the year under review amounted to Lit. 4,117m.;
- Fixed Assets in Machinery amounted to Lit. 31,77m.;
- Ordinary Amortization for the financial year totalled Lit. 2,224m. The Sinking Fund reached Lit. 20,419m.;
- Reserves shown in the accounts at the end of the financial year totalled Lit. 5,274m.; they rose to Lit. 7,387m. after the transference of Lit. 2,113m. from the tax reserve.
- Personnel employed by the Company as at 31st December 1974 numbered 5,557. Total cost of personnel amounted to Lit. 41,229m.

The Meeting approved the Report, the Balance Sheet and the plan for the distribution of profits proposed by the Board, which anticipate, apart from the statutory allocation to the Legal Reserve, the allocation of a dividend of Lit. 100 for each of the 4,042,500 ordinary shares (equal to 10% of their nominal value) and of a dividend of Lit. 120 for each of the 3,465,000 preference shares (equal to 12% of their nominal value).

مكتبة النور



الوقت

## AMERICAN NEWS

# U.S. launches initiative on raw materials

BY PAUL LEWIS, U.S. EDITOR

WASHINGTON, May 13.

DR. HENRY KISSINGER called today for a re-ordering of the world's raw materials in an effort to improve political relations between rich and poor nations and strengthen the international economic system.

The Secretary of State's initiative—described by officials here as a major one-set new directions for American foreign economic policy in a number of areas, and went much further than British Prime Minister's call for more stable commodity prices at the Commonwealth meeting in Jamaica.

In a speech in Kansas, Dr. Kissinger set out three proposals which he said would bolster the world's existing economic structure and create a more co-operative spirit between the industrial and developing world. They will be discussed in Paris this month at the ministerial meetings of the International Energy Agency and the OECD.

1—The U.S. will try to reconvene the preliminary meeting of oil producers and consumers, which broke down a few weeks ago under French chairmanship, to establish a "dialogue" between OPEC and its principal clients.

Dr. Kissinger said the U.S. would shortly initiate bilateral contacts to this end with the other participants, and he hinted that the OPEC members should drop their demand for non-oil commodities to be included on the agenda now that American thinking on raw materials had "moved forward."

2—The U.S. favours new steps to stabilise raw material prices and is prepared to consider new commodity agreements "on a case-by-case basis as circumstances warrant." However, it remains strongly opposed to any attempt to index raw material prices to the level of world inflation.

Dr. Kissinger suggested a three-pronged approach to raw material markets. In Geneva, the GATT should try to work out new rules on access to supplies and markets, the promotion of mining and processing industries and the settlement of disputes in the context of the multilateral trade negotiations.

Second, the U.S. would consider specific new marketing arrangements for individual commodities.

Third, the World Bank should study new ways of promoting raw material production in the developing world.

3—The U.S. will shortly make detailed proposals for the creation of a worldwide system of food reserves along the lines outlined at the world food conference in Rome last November. The present gap between what developing countries produce and what they need is 25m. tons a year, and it will triple in ten years.

Dr. Kissinger said the U.S. would not accept what he termed "unrealistic" proposals for redistributing the world's wealth and power to the developing nations as many of them have been demanding. He believed that the best answer to poverty lay in well-ordered economic growth in the industrial world, and a more co-operative relationship between the rich and poorer nations.

# VW arranges talks with Chrysler

BY JAY PALMER

NEW YORK, May 13.

SENIOR EXECUTIVES of both Chrysler and Volkswagen will meet at the German car company's request, in Detroit later this month. Although both companies refused to discuss the reasons for the meeting, it is widely assumed that Volkswagen will attempt to persuade Chrysler to set up a joint-venture for the production of VW's in America.

This morning Chrysler confirmed that its chairman, Mr. Lynn Townsend, had been approached by VW and had agreed to hold a series of meetings with the German car company's chairman and managing director, Toni Schmuecker. Chrysler added that no firm date for the meeting has yet been decided but that it would probably be held within the next few weeks.

Disclosure of the meeting follows a statement by Herr Schmuecker in Germany that he would like to establish "with utmost dispatch" a partnership with a U.S. car manufacturer to build VW's in the U.S. To day General Motors, Ford and American Motors, America's other large car manufacturers, all denied having been approached by VW.

# VIETNAMESE REFUGEES IN THE U.S.

## A lukewarm welcome

BY NANCY DUNNE IN WASHINGTON

UNEMPLOYMENT IN the U.S. is at 8.9 per cent, and the number of welfare cases is climbing towards a new peak, so it is hardly surprising that the 125,000 Vietnamese refugees crowded into Guam and three army camps in the U.S. are getting a mixed reception in this land of immigrants.

While both White House and congressional mail reflects a widespread hostility towards the country's newest immigrants, offers of assistance from the State Department and the volunteer agencies which will manage the resettlement. Mr. Dean Brown, head of the State Department task force in charge of the effort, has predicted that sponsors will be found for every refugee.

The mixed feelings in the country have been particularly evident in Congress which originally rejected a presidential aid request for \$27m. only partially because it included an authorisation to use troops in an evacuation. But the Senate has now passed a "Good Samaritan" resolution by a 91-1 vote, welcoming the Vietnamese, and the House worked quickly on legislation appropriating funds to care for and resettle the refugees. Yet while this was happening, some Congressmen were complaining about admitting "corrupt officials, prostitutes, pimps, petty thieves, and dope pushers," and the Black caucus, which includes all Black representatives, approved a resolution stating that the new immigrants should not be given preferred job treatment when so many citizens are out of work.

Much of the resentment seems to emanate from blue collar groups around the country, which were once hawkish about the war. To counteract it, AFL-CIO President George Meany has urged union members to welcome the refugees and has played down increasing unemployment. Mr. Meany pointed out that only 30,000-40,000 of the refugees are heads of families expecting to seek jobs. About 50-65 per cent are children. An estimated 82 per cent are women. Furthermore, the U.S. has been absorbing some 400,000 immigrants each year anyway without adding much to unemployment.

Economic factors apart, the hostility towards the Vietnamese is hard to pin down. American

country has produced some unexpected results in Washington. It has brought pleas for compassion from President Ford and Congresswoman Elizabeth Holtzman and other civil libertarians in the House that the refugees be required to fill out forms

were welcomed by President Eisenhower who sent Immigration Department officials to Austria in 1956-57, after the Hungarian rising and made admission applications available to all who wanted to migrate to the U.S. Voluntary agencies worked successfully to place all newcomers in homes and jobs.

The 675,000 anti-Castro Cubans who have come since 1959 and for the most part took up residence in the Miami area were transported free in cases of need and aided financially. Over \$1,000m. has been spent by the Department of Health, Education and Welfare to provide for their needs, and funds are still being appropriated for them.

The Vietnamese will ultimately be resettled and absorbed in much the same way as previous groups, but their case is in some ways unique. While the Hungarians and Cubans were seen as victims of oppression, many of the Vietnamese are suspect to those Americans who see them as former members of a corrupt ruling class.

While the Hungarians were also dispersed throughout Europe and the Cubans were admitted into other western countries, the Vietnamese really have nowhere else to land. The UN High Commission for Refugees has moved only reluctantly and at the prodding of the U.S. Government has sent two representatives to study the situation in Guam. The Philippines did not even want the refugees to stay temporarily. Canada will resettle only about 1,000. Australia and Western Europe will take a very few.

So the U.S., whether or not it really wants to, has had to effect the quickest movement of the largest mass of people over the longest distance in memory. The President has asked Americans and helped refugees—especially those who fled for political reasons in harmony with the American ideals. The 450,000 who fled from Europe after World War II were assisted and no doubt will serve for some time as a reminder of America's most disastrous foreign war.



Vietnamese children at the Eglin Air Force base in Florida.

# Misconduct hint in CIA probe

BY ADRIAN DICKS

WASHINGTON, May 13.

VICE - PRESIDENT Nelson Rockefeller's inquiry into the Central Intelligence Agency has wound up its investigations, and is now generally expected here to produce a report that will clear the agency of many of the wilder charges hurled at it in recent months.

However, a hint that the Commission has also confirmed some of the serious allegations of misconduct made against the CIA came yesterday from Mr. Douglas Dillon, its vice-chairman. He told reporters that "with one or two major exceptions, everything that was done was rather peripheral and was connected in one way or another to the legitimate work of the agency."

Mr. Dillon, a former Secretary of the Treasury, did not say what these "major exceptions" were, but he did confirm that the Commission on President Kennedy's assassination in Dallas—the existence of a photograph of two men arrested soon after the crime who appear to bear some resemblance to E. Howard Hunt and Frank Sturgis—two of the ex-CIA men convicted for their part in the Watergate burglary.

It was reported from Dallas today that the FBI has been conducting a new investigation of the photograph, although it has previously concluded that there was no evidence to link where the two men to President Kennedy's death. Both have denied being in Dallas at the time.

Mr. Dillon yesterday also said he had "new knowledge" of new evidence in the Kennedy case.

Among them are said to have been Dr. Fidel Castro of Cuba, reportedly the object of several unsuccessful murder plots, and the late General Rafael Trujillo of the Dominican Republic, who was assassinated in 1961.

The Rockefeller Commission has also examined a key element in the recent debate over President John Kennedy's assassination in Dallas—the existence of a photograph of two men arrested soon after the crime who appear to bear some resemblance to E. Howard Hunt and Frank Sturgis—two of the ex-CIA men convicted for their part in the Watergate burglary.

It is widely expected here that the Rockefeller report will concentrate on the original charges against the CIA, of carrying out domestic spying activities against as many as 10,000 American citizens, opening mail and spying on a number of politicians and journalists.

# Carry on Sleeping

## On Zambia Airways New Non-Stop Flights to Lusaka



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| Saturday | 2050             | 0730           | 9 hrs 40 mins Non-stop |

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# Farm Bill victory for Ford

By Adrian Dicks

WASHINGTON, May 13. PRESIDENT FORD scored a welcome political victory today when the House of Representatives failed by a wide margin to override his veto of the Farm Bill. The final tally of 245-182 left supporters of the Bill some 60 votes short of the two-thirds majority needed to set aside the President's action.

Mr. Ford objected to the Bill on two grounds: its projected addition of as much as \$1.8-2bn. to the Federal budget deficit, and its reversal of Republican policy during the past few years to "get the Government out of agriculture."

The Bill would have raised both target prices and Federally-supported loan rates to farmers for wheat, maize, cotton and soy beans, and would also have provided higher support prices for milk producers.

# ECLA move on companies

BY DAVID RENWICK

PORT OF SPAIN, May 13.

REGIONAL unit in Latin America for the "surveillance" of trans-national corporations will soon be established if a resolution passed by delegates attending the 18th session of the Economic Commission for Latin America (ECLA) in Port of Spain bears fruit.

By a vote of 20 in favour, one against and three abstentions, member countries agreed to recommend to the UN Com-

mission on Trans-national Corporations that a regional unit be established to watch such corporations operating in Latin America. The regional unit would utilise the facilities of ECLA.

A special inquiry has confirmed an admission by United Brands Food Company of the U.S. that it had bribed a senior Honduran official to obtain tax reductions on banana exports, reports Reuter from Tegucigalpa.

# IN BRIEF

## New York tax bid

In a desperate bid to solve New York City's long-term cash crisis, Mayor Beame and New York State Governor Carey have proposed a sharp 14.5m. rise in city taxes. The plan will not, however, solve the city's immediate cash needs involving a projected \$1.5bn. shortage. A direct appeal for aid by Mayor

## Hostages freed

Some 100 heavily-armed riot police have stormed an aircraft factory near Montreal and freed 10 hostages held by demonstrators demanding an end to a 16-month strike. Fifty workers seized the United Aircraft plant after a union rally. The strike has been one of the most bitter labour disputes in Quebec's history.

Beame to President Ford is expected to be rejected.

**MONTE DEI PASCHI DI SIENA**  
Bank founded in 1472

# PUBLIC LAW CREDIT INSTITUTION

Reserve Funds (Bank and Special Credit Sections) as at December 31, 1974  
Lire 158, 073, 967, 787

# accounts for 1974

Also in 1974 the Monte dei Paschi achieved further good results in its lending business as evidenced by significant data given below.

Despite keen competition, the raising of deposits showed a remarkable increase both in savings accounts (+29.2%) and current accounts (+25.9%) thus bringing the total deposits managed by the Bank at year-end to Lire 4,200 billion.

In accordance with the growth of the Bank's activity, lending went up to over Lire 2,400 billion and other items such as discounted bills and current accounts showed increases of 19.2 and 26.7% respectively. Such achievements have particular significance in the light of severe credit restrictions imposed on the economic system as a measure to curb an unusually high inflation rate.

Particular mention should be made of the Bank's efforts to provide the necessary financial support to small- and medium-sized businesses, bearing in mind that among them are comprised agricultural and artisan firms located in the regions where the Bank has been traditionally most active.

In spite of the difficulties in the fixed-interest security market, with inevitable repercussions in the issuing of mortgage bonds, the Mortgage Credit and Public Works Sections of Monte dei Paschi never interrupted their activity during 1974, with an aim of providing the necessary support to the building industry which represents, particularly in some regions, the very backbone of economy.

Thus, as a result of careful management, the Bank's annual profits recorded a further increment for 1974.

# net profit for 1974

Lire 52 billion

**total funds managed over Lire 4,200 billion**

out of which Lire 2.4 billion are being made available for charities, welfare and other public purposes.

On April 22, 1975 the Chairman, Mr. D. Verzelli, and the Chief Executive and General Manager, Mr. P. Pagliuzzi, read their reports respectively dealing with the economic topics of 1974 and the Bank's activity during the year under review, to the Board. The Auditors' Report was also read.

On the occasion the Board expressed their

warm thanks to Mr. Pagliuzzi who, after 8 years, leaves the Monte dei Paschi to take up the chairmanship with another important institution.

As from April, 23, 1975 the new Chief Executive and General Manager is Mr. G. Cresti to whom the Board expressed their best wishes and congratulations on his new appointment.



## EUROPEAN NEWS

## French computer chief quits over merger plan

BY GILES MERRITT

PARIS, May 13.

THE HEAD of France's CII computer group this morning resigned in protest over yesterday's Governmental decision that his company is to be merged with Honeywell Bull.

Although the linking of the two companies into a French-controlled giant with yearly sales of \$3.5bn. to become Europe's largest computer manufacturer is being presented here as a triumph, CII's president, M. Michel Barré, clearly leans toward the view that the deal is little less than a sell-out.

Just how the new CII-Honeywell Bull marriage will evolve no one yet knows. It is always possible that the official French hopes of a Franco-American computer company able to

promote the sales of both partners' ranges will come true. But increasingly the view here is that while France controls CII-Honeywell Bull with 53 per cent of the equity, Honeywell's advanced technology will ultimately mean U.S. domination of the venture.

In the expectation, no doubt, of the lively political life likely to result from the decision to partner the Americans rather than the Dutch and the Germans in Unidata, the Elysée Presidential palace today took the unusual step of issuing an official statement intended to disarm its critics.

According to Elysée spokesmen, the choice facing the Government was not between

leaving CII's membership of the Unidata consortium to prosper or accepting a U.S. merger deal for the ailing company. The senior partner in Unidata, West German Siemens, the Elysée revealed, has been pushing for a financial link-up between itself, Philips and CII. They point out that in that event CII would have been the junior partner by far with considerably less independence than that guaranteed under the Honeywell deal.

French Industry Minister M. Michel d'Ornano has been at some pains to stress that with a workforce of 20,000 the formation of CII-Honeywell Bull will involve no redundancies. But today the trade union inside CII has added its voice to the protest and condemned the "unilateral" character of the merger decision. The Socialist CFTD union has also claimed that the creation of CII-Honeywell Bull, in spite of Industry Minister d'Ornano's reassurances, creates a new threat of unemployment.

Merger implications assessed Page 16

## Unidata continues

BY NICHOLAS COLCHESTER

BONN, May 13.

SIEMENS of West Germany stressed today that, together with Philips of the Netherlands, it would continue with the Unidata computer venture and would honour all its existing orders and service commitments. This assurance followed yesterday's decision by the French Government and the French computer company, CII, to opt out of Unidata in favour of a link-up with Honeywell of the U.S.

The German Government made it clear that it did not approve of the French move. The Ministry of Research and Technology said that it had been talking with the French Government for some months about solutions to the Unidata prob-

lem, but that last night's announcement was a purely French decision.

Both Siemens and the German Ministry welcomed the French commitment to honour CII's obligations to the Unidata partnership. Siemens claimed that together with Philips it could continue to manufacture and service the 7000 range of Unidata computers which will ultimately include six types of machine.

The chief loss would be the CII sales force in France. So far, Unidata has won orders for 1,500 machines, chiefly inside Europe. The Siemens spokesman admitted that in some ways the French decision could be regarded as a relief in that it ended months of uncertainty over CII's future in Unidata.

## EEC call against Arab boycott

BY REGINALD DALE, COMMON MARKET CORRESPONDENT

BRUSSELS, May 13.

THE EEC countries should jointly take a firm but non-provocative stand against the Arab boycott of banks and companies with Jewish connections in Europe.

This is suggested in a working paper drawn up by the Socialist group in the European Parliament, which plans to confront the EEC Commission on the issue later this week.

The report says that the Nine governments should all tacitly agree to resist discrimination, as it would be easier for individual member-states to say "no" if it were certain that the rest of the Nine would do the same. The Community should raise the whole question of economic discrimination in the new round of world trade talks in GATT.

The report also says that the Arab dialogue "with the Arab countries, the paper says.

Following the recent upsurge of discrimination against Jewish banks in issue syndicates, the report says that care should be taken that there is no discrimination in issues on behalf of the Community and the European Investment Bank. If national and local authorities in the Nine were to follow the same policy, this form of discrimination could probably be nipped in the bud.

## Medical data scheme

BY DAVID FISHLICK, SCIENCE EDITOR

THE EEC Council of Ministers has proposed the setting up of a medical "spare parts" data bank for rapid access to details of about 6,000 potential kidney transplant recipients and 50,000 potential donors of blood and marrow throughout Europe.

The plan is that the data bank should be operated by an autonomous European foundation, at an estimated cost to the Community of 1.36m. units of account initially. An estimated operating cost for the round-the-clock Eurodonor service of 135,000 units of account would be met by the European foundation.

The proposal argues that the economic justification for Eurodonor is clear, especially insofar as the total investment could be offset in just over two years by savings in national health budgets.

Starting point for the scheme is the potential recipient of a transplant kidney, for whom there are distinct advantages in the so-called HLA tissue matching techniques developed in the Netherlands. But to obtain a good match with the HLA techniques requires access to a very large catchment of kidneys available for transplantation.

The Community institutions should also assist efforts by Algeria, Morocco and Tunisia to avoid giving assurances on the boycott in current negotiations for new trade arrangements. And it must also take a firm line in negotiations soon to start with Egypt, Lebanon, Jordan and Syria.

## Turkey and Greece for Rome talks

By Mehtun Murlir

ANKARA, May 13.

THE FOREIGN Ministers of Turkey and Greece, respectively Mr. Ismail Sabri Cengiz and Mr. Demetris Bistinos, will hold a three-day meeting in Rome starting on Saturday, the Turkish Foreign Ministry announced here today. They would discuss "matters relating to taking the Aegean continental shelf issue to the International Court of Justice and also exchange views on problems of interest to Turkish-Greek relations."

The Turkish and Greek Prime Ministers are expected to follow up the Rome talks in Brussels during the Nato summit this month.

Turkey devalued its lira today by between 1.1 and 4.4 per cent against three European currencies: see French franc, 2.41 lira; one German mark, 2.208 Turkish lira (2.1 per cent); one Swedish crown, 3.52 lira (1.1 per cent).

## Cyprus vote delayed

Turkish Cypriot leaders yesterday postponed for three weeks a referendum on a constitution for the Turkish Cypriot "State" on Cyprus. UPI reports from Ankara. The Independent Turkish News Agency reported that the referendum was postponed under pressure from the U.S. Britain, Turkey and Greece. It said Turkish Cypriot leaders said the referendum scheduled for May 18 would now be held on June 8.

## British, Romanian talks resume to-day

Britain and Romania resume today their financial negotiations adjourned in November, 1973, the U.K. Treasury said yesterday. U.K. claims on Romania involve pre-war sterling bonds and oil interests.

## Belgium to boost State borrowing

THE Belgian Government has announced proposals to increase the borrowing powers of the state rail and telephone services by Frs.10bn. to stimulate the economy and reduce unemployment. Reuter reports from Brussels.

Parliament will be asked to approve a law enabling the railways to borrow Frs.8bn. over 10 years to buy new locomotives and rolling stock. The remaining Frs.2bn. would go to the telephone authority for installation of 100,000 new lines.

## Austria accused by Yugoslavia

Yugoslavia accused Austria yesterday of failing to fulfil its obligations under the treaty that re-established Austrian independence. Reuter reports from Belgrade. Federal Executive Council statement, issued on the 20th anniversary of the treaty signed by the U.S., the Soviet Union, Britain and France, said Austria tolerated "Nazi activities hostile to Yugoslavia" and did not respect the rights of Yugoslav minorities in Austria and had failed to return cultural treasures taken by the Nazis during the war.

## Inflation slows

For the first time in months the Austrian inflation rate dropped below 9 per cent, writes Paul Lechvalier from Vienna. The Central Office of Statistics reported that the Consumer Price Index in April was 8.6 per cent up on the month last year and only 0.6 per cent up on March this year. However, it was stressed that the smaller increase was mainly due to seasonal products.

## Another Swiss plan on foreign labour

The Swiss political party National Alliance Against Foreign Infiltration of People and Homeland has launched a new referendum drive, writes John Wicks from Zurich. This foresees an amendment to the federal Constitution by which all employers with more than five foreign employees would have to pay a special tax on work done by these workers. Foreigners employed for eight months or less per year would be exempt, as would, if necessary, foreign employees in hospitals and elsewhere in the nursing profession.

## Tupolev for Paris

The Soviet Tupolev TU-144 supersonic jetliner, which crashed at the Paris air show in 1973, will reappear at this year's show beginning on May 30, Reuter quotes the Soviet newspaper Trud as saying. A French commission investigating the crash decided that the cause could not be established.

## Brezhnev first again

Registration of candidates for election to regional Supreme Soviets (Parliaments) began yesterday, and one of the first adopted was Communist Party General Secretary Leonid Brezhnev, according to a Tass report quoted by UPI.

## HUNGARY

## Kadar stays on top

BY PAUL LENDVAI, RECENTLY IN BUDAPEST

HUNGARIANS, regardless of political colour or origin, seem to agree about the basic meaning of the recent party congress: it was a gesture towards the Social Democrats and the Communists.

Even more surprising was the promotion of Laszlo Marotyi, who is only 33 years old and who became leader of the Communist youth organisation a recently as two years ago. Previously this trained agricultural engineer was party secretary of a small town, near Budapest. The fact that the much more senior Central Committee secretary in charge of youth and personnel, Mr. Arpad Pullai, 50, for the second time failed in his bid for charge of economics and culture in well-informed political circles as the potentially most significant event in personal terms. This professional party functionary for the past two years handling also foreign policy matters, was so ambitious and so dynamic in his many positions that Mr. Kadar, apparently preferred a young newcomer in the policy-making field of relations with other communist parties was taken over by Mr. Andras Gyomai, who only Mr. Kadar, an enthusiastic player, was such a: "We accept neither Karpov nor Bobby Fischer as the new world chess champion; we opt for Kadar."

Through a series of surprising moves Mr. Kadar strengthened the progressive centre and created a new line-up at the top. Relying on the demonstrative personal support of Mr. Leonid Brezhnev who during his three-day stay went out of his way to praise the Hungarian leader, Mr. Kadar brought four new men into the Politburo, none of them belonging to the advocates of a policy of the strong hand. Furthermore, despite an anti-communism campaign, manipulated by nationalist populist writers and their highly placed supporters, Mr. Kadar, now Deputy Premier in charge of education and culture, remained a member of the Politburo.

It is understood that the newcomers were only told on Friday evening that they were on the verge of the vote that would be promoted to the Politburo. For this talkative country the unusual secrecy added to the surprise effect of the appointments. Thus no one expected that Mr. Istvan Szilard, the 53-year-old Secretary General of the People's Front would make such a stunning political comeback. This former Social Democrat was a popular Mayor of Budapest between 1965-70 and subsequently Editor of the party paper, Nepszabadsag. His appointment is a gesture towards the Social Democrats and the Communists.

Finally, two moderate and able men (both 50 years old) entered the Politburo. Gyorgy Lazar, life-long official of the Planning Office and since 1973 Deputy Premier and Chairman of the Planning Committee, and Mr. Miklos Ovari, a university graduate of the Budapest faculty of law, former close associate of Mr. Kadar and partly responsible for the relatively permissive intellectual life which prevailed until the beginning of 1974.

A mixture of continuity and change characterise also the new Central Committee, enlarged from 101 to 125 members. Only 14 members of the old committee were dropped; nine others had died. At the same time however 43 new members were elected which means that one-third of the membership is composed of newcomers. There was a marked increase in the number of women, though they are still under-represented at the Central Committee level.

Though the congress is over, there is still considerable speculation about further personnel changes in view of the parliamentary elections called for June 15. The surprisingly sharp self-criticism made by Premier

Jeno Fock at the congress the full text of which was published only in the ideological monthly, Tarsadalmi Szemle, has revived memories that after eight years in his gruelling job this able, albeit increasingly temperamental technocrat will not head the new Government to be formed after the elections. Mr. Lazar is generally regarded as the most

likely successor if Mr. Fock were to step down. While a change in the Premiership is not yet certain, two important Cabinet members, namely Mr. Dimeny, the Minister of Agriculture and Mr. Horgos, Minister of Metallurgy and Machine-Building, will lose their ministerial posts since they have been dropped from the Central Committee.



Mr. Janos Kadar: shrewd politics and excellent public relations

Spokesmen of the Hungarian regime often reproach the western Press for indulging in speculation about personalities, for allegedly ascribing exaggerated importance to changes in the party and State leadership. Yet neither the success of the regime in healing the wounds of the 1956 upheaval, nor the relatively good economic performance of the past 18 years can be properly understood without the personal style and pragmatic approach of Mr. Kadar and his associates. It was after all, shrewd politics and excellent public relations that Budapest television on New Year's Eve showed a witty impersonation of the party chief instead of the restricted audience of the small Mikroszkop Theatre, millions could watch the talented actor, Mr. Geza Hoff, as he imitated in

the role of a chess player Kadar's characteristic mannerisms and mannerisms. For example, could plain the unexpected success in Hungarian agriculture and the last ten years or so with the highly personal leadership and daring monetary initiatives of Mr. Fock? In 1962 imports covered 40 per cent of the domestic consumption of bread, grain. To-day Hungary exports a volume which is one-third of the home consumption. Farm output in the 1962 period rose at an annual rate of 1.8 per cent; in 1966-70 the increase rose to 2.8 per cent; between 1971-74 it jumped to 3.2 per cent. As a member of the Politburo and Vice-Premier, Fock was willing to turn a blind eye to occasional violations of rules and regulations if it was done by able and energetic managers of collective farms, producers of goods and services. It was the very spirit of the farm policy which led to this, since the standard living of the farmers was to be rising at a faster pace than that of the urban workers.

Mr. Fock, however, remains a member of the Central Committee and there has been no radical change in the policy of private initiative on farms. For as the damaging effects of the 1956 working industry lobby, agriculture more than ever one of the economic progress. By the managers of the state collective farms come to the conclusion that risk-taking in economic sectors is not a realisation rather than a premium, the consequences would be quickly felt in domestic supply and exports.

Speaking about "economic management" in Hungary, the able Deputy Premier, in charge of economic affairs, warned recently in a not speech about "the lessons three decades" that "we do not necessarily demand the failure of the system. The system is working. It has revealed the take, but the underlying cause which produced it," he said.

Faced with a rapidly rising import bill for fuels and materials both from the West and the East, the improvement of the industrial structure, and the modernisation of the economy are the prime tasks for the coming five years. Contrary to glo forecasts, the Congress appears to have opted for the improvement of the working policies even if they are longer called a "new economic mechanism."

## Spanish official denounces French attitude to Basques

BY ROGER MATTHEWS

MADRID, May 13.

THE TROUBLES in Spain's Basque country, where a state of emergency was announced just over a fortnight ago, are causing increasing tension between the Spanish and French Governments. A bitter attack on the French Government was launched last night by the Under Secretary at the Ministry of the Interior during a rally in Bilbao.

Although claiming to be speaking only for himself, Senior Luis Peraltia Espana accused the French of standing idly by and providing a safe refuge for Basque separatist guerrillas who had assassinated four Spanish police officers in just over a month. France was being used as a base by these men "who from there planned and launched their cowardly attacks that brought blood to the cities and countryside of our beloved Basque provinces."

This, he claimed, was a grave breach of normally accepted behaviour between neighbouring states. Sr. Peraltia, in his capacity "as an ordinary Spaniard," urged the Spanish Government to adopt whatever diplomatic measures were necessary to prevent these terrorists

moving around so freely on French territory. This is by far the most serious attack yet made by a Spanish official against the French attitude and is known to reflect the thinking of an important

THE SIXTH round of talks between Madrid and Washington over the U.S. bases agreement was postponed to have been postponed. The talks, which alternate on a monthly basis between the two capitals, were due to have been held sometime during May in Washington.

The postponement emphasises the importance of U.S. President Ford's visit to Madrid at the end of this month. It is thought his two-day visit may be crucial to the success of the conversations, which are due to be completed in September.

set on fire during the night. Last week the windows of the Las France office in Madrid were smashed after a similar rioting demonstration.

Efforts were made recently to patch up relations between the two countries when Prince Juan Carlos, Spain's future King, accepted an invitation from President Giscard d'Estaing for a private week-end visit.

Although the two men are understood to have got on well, both are thought to recognise that the solution to the problem is essentially political and that a solution will have to await the departure of General Franco.

The right-wing backlash against the activities of the Basque separatist organisation ETA is meanwhile continuing. 22 separate attacks against suspected Basque sympathisers or their property have now been carried out.

These include bombings, machine gun attacks on shops and offices and the beating up of selected individuals including a lawyer and a priest. Police are not thought to have detained anyone suspected of being involved.

## Franco in urgent Sahara talks

BY OUR OWN CORRESPONDENT

MADRID, May 13.

GENERAL FRANCO, Spain's Head of State, called an urgent meeting of his army chiefs this morning to discuss the military situation in the Spanish Sahara. Two Spanish patrols were kidnapped yesterday near the frontier with Morocco, which has claimed sovereignty over the territory.

A United Nations fact-finding team arrived in the Spanish Sahara yesterday following pre-

liminary talks in Madrid. Their task is to study conditions in the territory on a heavy rise in cost of Rabat and apart from the UN, Morocco has taken the case to the International Court at The Hague.

Spain has stepped up her military presence in the colony following earlier threats from King Hassan and recently sent naval in the two patrols but at least French consular forces to Morocco.

the phosphate-rich Sahara should come under the control of Rabat and apart from the UN, Morocco has taken the case to the International Court at The Hague.

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## German engineers see no growth

BY GUY HAWTIN

FRANKFURT, May 13.

THE WEST GERMAN metal industry is gloomily contemplating prospects of a recession lasting well into next year. Gesamtmetall, the industry's employers' association, states that not until next year will the industry see real growth.

Dr. Dieter Kirchner, the association's general manager, has warned that the situation will get worse before it gets better. Pressure on jobs and for short time working will increase, he says. Unemployment in the industry is currently running at 6.5 per cent—well above the national average. At the same time some 500,000 metal workers are working short time or are being given

compulsory extra holidays. Gesamtmetall blames the situation on a heavy rise in costs, particularly wages, zero growth in productivity and a marked decline in export demand. While the situation in the motor industry is less bleak, sectors such as picking up, most other branches remain deeply depressed.

The employers pointed out at the beginning of the year that while order books were generally higher than in the 1966-67 period, rapidly rising costs were forcing employers to lay off workers. Production last year was running at between 1 and 2 per cent below the 1973 level, implies that if wage increases next year maintain even the year's modest level the situation could seriously worsen.

Since then the huge metal workers' trade union, I.G. Metall, has concluded pay-rise agreements with the employers. Despite the fact that the increases average, in the British context at least, a 10 per cent, the employers state that the increases are very hard to bear.

This claim is not as extravagant as it might at first seem—in the motor industry for instance West German wages are 50 per cent higher than in Britain. Dr. Kirchner warns that job security will be under increasing pressure from rising costs and that if wage increases next year maintain even the year's modest level the situation could seriously worsen.

## £1.2bn. aid plan for Italy's Sout

By Tony Robinson

ROME, May 13

ITALY's top level economic planning Board CIPE has approved a £1,200m. (£500m.) plan to irrigate large areas in southern Italy. Of the total, £1,400m. is for the construction of dams, irrigation canals and a fast L.500m. for the transfer of agriculture from dry irrigated farming.

The plan reflects the present Government's decision to give agriculture a priority position for investment in an attempt to increase agricultural output and reduce food deficit on the balance payments.

The Cassa Per il Mezzogiorno has already worked on irrigation works in south, but many of its irrigation barrages without vital irrigation canals need to take the water to the fields. Opposition from politically influential owners of estates has been a major factor in this situation.

It has also not escaped attention that the new plan has been "announced" one month before the important regional elections.

## Bankers Trust Company, New York

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كتابي الحبيب



## OVERSEAS NEWS

## INDOCHINA

## Friendship bid by Asean countries

BY WONG SUI LONG KUALA LUMPUR, May 13.

COUNTRIES in the Association of South East Asian Nations (ASEAN)—Indonesia, Malaysia, Singapore, Thailand, and the Philippines—today offered a bid of friendship to the new governments of Indochina, but indicated that they were not prepared to negotiate from a position of weakness, or "do all the wooing".

The tone of reconciliation was set by the Malaysian Prime Minister, Tun Razak, at the opening of the eighth annual (ASEAN)—Indonesia, Malaysia, Singapore, Thailand, and the Philippines—in Kuala Lumpur, when he called on the new governments to set aside "regional animosities" and work with ASEAN to build a peaceful, prosperous and neutral South East Asia.

Tun Razak said whether ASEAN and Indochina would confront each other or work to-

## MIDDLE EAST

## Syria-Iraq tension escalates sharply

By Louis Fares

DAMASCUS, May 13.

THE DISPUTE between Syria and Iraq over the waters of the Euphrates River took a perilous turn today when the Syrian Government took a unilateral decision—effective today to close Syrian airspace to Iraqi flights of all kinds.

Syrian Industry Minister, Shihwi Seif, also announced that since Syrian workers in Iraq were receiving "barbaric treatment", it has been decided to close the Syrian commercial centre in Baghdad and to repatriate all Syrian workers. Simultaneously, Mr. Seif asked the Iraqi commercial centre in Damascus to close down as from tomorrow morning and the Iraqi staff to leave Syria.

Arab diplomatic sources said here late today that Iraq and Syria were on the eve of severing diplomatic ties, and that tension was mounting dangerously. When President Sadat will visit Iraq and Syria later this week, he had to do something to prevent what these sources qualified as "the worst happening".

All Syrian Arab airline flights that have so far overflown Iraqi airspace have meanwhile been diverted across neighbouring countries. Syria's move comes less than 48 hours after its decision to close down the SAAL office in Baghdad and that of Iraqi Airways in Damascus.

At that time, Syrian Transport Minister Na'ameh el-Zein had ordered all SAAL personnel in the Baghdad office to return to Damascus within 48 hours. In fact all personnel were back in Syria by this morning.

## Solution in Mid-East 'key to Egypt's problems'

By Michael Tingey

CAIRO, May 13.

IN A SIGNIFICANT policy statement of the new Egyptian Government, formed last month, Prime Minister Moustafa el-Sayid today gave a frank assessment of Egypt's economic problems and emphasised that their solution was integrally linked to a solution to the Middle East crisis.

During a long examination of the country's economic difficulties it was made clear that Egyptian links with the U.S. and the corresponding economic policies will remain the mainstay of the attempt to improve conditions in Egypt.

One of Egypt's least publicised crises is the loss of its foreign currency which would normally have arrived as payment for the cotton crop. Following the drop in world prices when the Japanese released cotton stockpiles on to the market, Egypt has doggedly refused to sell the crop.

All these problems led collectively and separately to an acute cash shortage, Mr. el-Sayid concluded. At the same time the challenges of liberating occupied territory and reconstructing war damaged areas remained, he said.

The solution lay in removing the obstacles facing the public sector, which is the backbone of Egypt's economy, and harnessing the combined power of the public and private sectors. He considered the reopening of the Suez Canal, scheduled for June 5, as a major help in bringing in foreign currency through tolls and in stimulating the economy of the Suez Canal zone. The new Government would make strenuous efforts to encourage foreign investments, he said.

Timed to coincide with President Sadat's current visit to Kuwait, Mr. el-Sayid's speech is unlikely to soothe the fears of those in the Arab world who believe that Sadat's peace priorities may dilute Egyptian support for the Palestinian cause.

Mr. el-Sayid, however, did state that Egypt had for a new American position on the Middle East which would "reject aggression, the acquisition of territory by force and which will support a durable and just solution to the crisis".

IN BRIEF  
Chad cabinet  
Chad's new leader, Brigadier-General Felix Malloum, has announced a 16-man Provisional Government with military leaders in a key position.

Abu Dhabi change  
The Abu Dhabi Investment Board, which has been responsible for the State's long-term investment since 1967, is to be dissolved and replaced by a new institution based in Emirate and run by nationals, writes Richard Johns. As yet, it has not been decided exactly what form the new organisation will take although it will retain as advisers several of the institutions which sat on the old board.

Lebanon raid  
An Israeli force yesterday morning crossed the border into Lebanon and abducted three Lebanese, according to military sources in Beirut. The Israelis claimed that the abducted persons collaborated with Palestinian commandos.

## President Park bans student and opposition protests

SOUTH KOREAN President Park Chung-hee has imposed a new decree banning opposition and student protests and Press reports about them, Ruler reports from Seoul. He said in a special statement that the decree was necessary

because of a "growing danger of miscalculation" by North Korea that an invasion of the South would succeed, following the collapse of non-Communist governments in Indo-China. The decree laid down a jail term of one to 15 years, plus

suspension of civil rights for no more than 10 years, for campaigns against the constitution, politically-motivated student demonstrations, Press reports on them and a number of specified offences. The decree largely copies emer-

gency decrees issued early last year and lifted last August after about 300 students and other dissidents were jailed for anti-Government protests. Student trouble erupted when the old decrees were lifted. Five weeks ago troops

closed down the private Korea University here and virtually all major universities and colleges also closed last month. President Park has lifted his order closing the Korea University and other colleges were preparing to reopen this week.

## Korea's uncertain prospects

BY PETER DUMINY IN TOKYO

THE END of the Vietnam war has raised new question marks over the future of Korea where an uncertain peace broke out on July 27, 1953. On that date an armistice agreement was concluded between the North Koreans and the United Nations command, which had, for three years and 20 days, been the principal defenders of the South.

The war had ground to a stalemate only a few score miles from Seoul, the southern capital. The map showed South Korea stuck on to the Asian continent, an apparently useless appendage, bereft of meaningful communications and most raw materials.

The Communists may have reckoned that they had failed to take in war they would get once the harsh realities of a struggling peacetime economy took over. But it has not turned out like that.

South Korea has undergone a spectacular transformation, a process which is continuing despite considerable stresses which have arisen in the past 12 months. The country has become a manifestly going concern.

For the past nine years, gross national product in real terms has never risen by less than 7 per cent, averaging more than 10 per cent, growth per annum.

Nothing that has happened up to now, however, has lessened South Korea's essential dependence on its friends.

This is true in a military sense. There is still a United Nations command, and 38,000 American servicemen, in the country. To remove them in any foreseeable circumstances, as most South Koreans see it, would be to flirt with extreme danger. Apart from the question whether it would invite

## The sense of peril

The mere possibility that the Americans may back away under pressure is itself a potent security risk, as the South Koreans, Japanese and others in Asia realised after the collapse of President Thieu's South Vietnam. The sense of peril is heightened by the discovery, beginning last November, of tunnels constructed by the Communists under the demilitarised zone. According to American officers and others who have inspected the engineering they could have been used to infiltrate large numbers of troops into positions behind the United Nations lines. Two tunnels have been discovered: there may be others.

The fact that North Korea's President Kim Il Sung launched this costly project evidently three or more years ago, seems to confirm his grim determination to resume the war at a suitable moment. At least it shows that he is not a man to be trifled with. However it must be presumed that he is capable of being deterred. It is for this reason that the Japanese, no less than the South Koreans, are most anxious that the U.S. should con-

firm its Korean commitment beyond any shadow of doubt. Japan's interest is very large. It is not merely that Japan has a heavy financial stake in South Korea, though this obviously counts. The bigger picture is that a non-Communist South Korea may be an essential part of the Japanese concept of an acceptable balance of power in East Asia. There are two aspects, obviously inseparable. One is that reunification of Korea of Pyongyang's terms would take severe toll of America's remaining influence in Asia, perhaps to the point where Japan itself would feel unable to rely on American firepower. The other is that potentially at least, China or Russia would assert itself on the Korean peninsula, or at least that these powers would be jostling for influence there, virtually on Japan's doorstep.

In short, the whole basis of Japan's non-military post-war foreign policy may be at risk. The situation is, however, not seen to be critical in this context, no doubt partly because the stakes are so high. In addition, emphasis is being placed in Japan on the wording of the communiqué which followed Kim Il Sung's visit to Peking last month, namely that China and North Korea will work together to achieve peaceful reunification of the Korean Peninsula. It is assumed from this that China warned North Koreans against the use of force. It is hoped that if Kim follows up his first trip to China in 14 years with one to Moscow in the near future, and there are reports that he plans to, he will receive the same advice there.

However, this opens up another problem area. Can the apparent failure of his earlier recent signs to that effect.

south be won by subversion, as initiative for a "national reconciliation". Eight political prisoners were executed on April 10. University students have been sent home. American missionaries have been deported. This may look like dynamite. Growth of GNP was halved from 16.5 per cent. in 1973 to 8 per cent. last year, and will be very much lower this year. Inflation has been running above 20 per cent.

## To beg or borrow

The essential point is that the economic problems are very largely the responsibility of South Korea's best friends: the country's external trade is equivalent to 70 per cent of GNP. South Korea has to buy most of its raw materials, and it has to sell most of its finished goods. If, as always, there is a deficit (implicit in the massive build-up of productive capital), South Korea has to beg or borrow the difference. This means, with no exaggeration, that the U.S. and Japan can make or break the South Korean economy. Between them, in the last good year (1973) they supplied 89 per cent. of imports, took 70 per cent. of exports, and (with international agencies) provided almost all the necessary capital.

South Korean domestic politics are unpredictable. President Park has slammed down heavily on some opposition groups in the past two months, marking the apparent failure of his earlier recent signs to that effect.

## Britain recognises new S. Vietnam government

BY OUR FOREIGN STAFF

BRITAIN yesterday recognised

the Provisional Revolutionary

Government (PRG) in South

Vietnam. The Foreign Secretary,

Mr. James Callaghan, sent a tele-

gram to the Ministry of Foreign

Affairs in Saigon, simply stating

that Britain stands ready to

transfer "the diplomatic prop-

erty of South Vietnam" which

has been in British custody

since May 3, to " duly accredited

representatives" of the new

regime. This constitutes British

recognition of the PRG.

The telegram also informs

Saigon that Britain would like

to re-open the British embassy

there as soon as possible. The

present ambassador, Mr. John

Bushell, is in London at the

moment for consultations, and

Mr. Rex Hunt, now in Singapore

with the rest of the embassy

staff, has been made charge

of affairs.

There have been no requests

for political asylum, not indeed

any contact with any of the pre-

vious South Vietnamese embassy

staff in London since May 3. Governments, and therefore

when the ambassador locked up

the embassy and presented the

new regime with the keys—a

country changes regimes.

This is an unusual gesture for

the French, who have always

acted on the legal argument that

France recognises nations, not

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NEW ISSUE

All of these Bonds having been sold, this announcement appears as a matter of record only.

May 1975



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(Kingdom of Norway)

DM 50000000.-

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8% % Loan of 1975/1985

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## HOME NEWS

### Demand for import duty on Japanese cars

BY TERRY DODSWORTH

A FORMAL REQUEST aimed at imposing an import duty on many Japanese car shipments to the U.K. has been made to the Government.

The application comes from the Society of Motor Manufacturers and Traders, the representative body for the British motor industry, whose members include importers of Japanese cars.

The SMMT is asking the Department of Trade to impose a protective duty on some imports pending the result of an investigation into its charge that Japanese manufacturers are dumping cars in Britain.

This may give the SMMT a better chance of success, since the lobby in favour of import duties has been building up in the U.K. a number of trade unions have hit out against Japanese car imports, and it has been the subject of considerable Parliamentary discussion.

However, Japan is also a large importer of British produce, and there could be fears of retaliatory action.

The latest U.K. car registration figures show a continuing increase in sale of Japanese cars here, in spite of the depressed market.

Last month, while the overall market dropped from 101,966 in 1974 to 96,226, the most successful of the Japanese, pushed up sales from 2,889 to 5,680. Toyota, the second largest, increased sales from 1,349 to 1,617, and both Honda (total 786) and Mazda (1,147) also increased their market shares.

Datsun is now running neck and neck with Renault as the most successful importer into the U.K. and last month its Sunny model, with 2,101 sales, was the only import among the top ten best-selling cars.

Also producing the 988cc Cherry (which sold 1,353 last month), Datsun has proved to be a formidable force in the small car sector since the oil crisis began 18 months ago.

court on the grounds that the U.K. is not a full member until 1978.

The Department of Trade is to investigate a claim that pre-finished plywood is being dumped on the U.K. market by companies in Singapore and Taiwan.

The department said yesterday that pre-finished plywood, which is surface treated with a paper overlay or covered with other material, was not distinguished from other plywood in trade figures, but the two countries concerned were substantial exporters to the U.K.

The allegation, made by a U.K. company whose name was not revealed, suggested that the plywood was sold at prices low enough to cause material damage to its business.

The department added that the investigation may be extended to include other countries exporting should be submitted not later than June 6.

#### Subsidies

The basis of the SMMT's case, while not spelt out in detail so far, is its suggestion that there is some hidden subsidisation of the Japanese market. Some models, the SMMT claims, had no price increase at all in Japan between February last year and this January, even though the rate of inflation was well over 20 per cent. production was cut by 10 per cent. and markets slumped.

Similar conditions in all other car-producing markets in the world have, it is argued, produced much higher prices.

In its evidence, the SMMT has apparently attempted to show detailed evidence of dumping—selling at below "fair market price"—on a number of selected models at a particular time. It has also made its dumping charge against a range of Japanese importers, although most Japanese cars sold in Britain are Datsuns or Toyotas.

Last week the SMMT took its case against the Japanese to the EEC, which promptly threw the ball back into the Government's

### Plywood 'dumping' probe

FINANCIAL TIMES REPORTER

proved, anti-dumping duties could be applied. The Government of the two named countries had been informed.

In February, the department applied anti-dumping duties on imports of chipboard from companies in Norway, Sweden and Romania, but lifted them a month later when assurances were given that certain price levels would be maintained.

The department said: "A statement of the applicants' claim will be supplied to interested parties who give an undertaking to treat the information in strict confidence."

"Any representations in connection with this application, other than from the foreign suppliers with whom special arrangements have been made, should be submitted not later than June 6."

### British Airways deficit will be much smaller than forecast

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS, deficit for the 1974-75 financial year, which ended on March 31, will be much less than the gloomy forecasts originally made at the beginning of the year.

Announcing this yesterday, Mr. Stephen Wheatcroft, deputy managing director, declined to put a figure on the deficit, but from his comments it appears that it will be below the £20m.

originally forecast, and probably even below the later revised estimate of £10m.

Mr. Wheatcroft attributed this improvement—which he said was a substantially better performance than that achieved by most other major world airlines—to the vigorous sales efforts by the airline throughout the past year, despite the difficult economic conditions prevailing worldwide.

Traffic on the long haul routes at the moment is comparatively

buoyant, but on the short haul routes it is much more difficult to gauge.

The airline's fleet of six Trident 600s, introduced earlier this year in Europe, have been attracting good loads, however, especially on the London-Paris route.

The airline has 15 Tristars on order, costing just under £10m each. The current fleet will be increased to nine by March 1977, with the remaining six due for delivery between 1978 and 1982.

### Office of Fair Trading warns lenders on misleading names

BY MICHAEL BLANDEN

NAMES THAT could mislead borrowers into assuming that a lender was part of a major national or international group are likely to be rejected by the Director General of Fair Trading in considering applications for licences under the Consumer Credit Act.

This is made clear in a new consultation paper issued by the Office of Fair Trading which describes the proposed policy to be adopted on "misleading or otherwise undesirable names."

The paper is one of two that

fill in further details of the licensing proposals following the publication in March of the general rules which will apply in granting licences to the 70,000 or so applicants expected.

Considerations likely to be taken into account regarding names of licensees would include, for example, a name which is misleading by virtue of the name of the company or business suggesting that it is trading on a substantial scale or over a wide field contrary to the true facts.

It would also include names, in-

correctly suggesting association with a large or substantial organisation, or giving false or misleading impressions as to the cost, type or ease of borrowing.

The second consultation document covers some important considerations that could arise when the Director General is asked to issue group licences under the Act rather than standard licences.

The Office of Fair Trading asks for written comments on these documents to be submitted by June 2.

### Self-discipline needed to beat inflation—Mrs. Williams

FINANCIAL TIMES REPORTER

A CALL for self-discipline from both sides of industry was made yesterday by Mrs. Shirley Williams, Secretary for Prices.

Britain was no longer "over the barrel of imported inflation" and Britain's problems were largely self-generated. "We cannot demand more from the community than it is willing to put into it," she said.

Emphasising that she was not only thinking of the unions, she said that in the past there had been a lack of sufficient invest-

ment. But "bloody-mindedness" in the use of that investment was not helping the situation.

Mrs. Williams had seen some signs that people were beginning to recognise the problems. "We may be nearer the breakthrough than people realise."

Speaking at the Federation of Bakers' annual lunch in London, Mrs. Williams refused criticism that food subsidies had been an inefficient way of helping the badly off. The cost of running the scheme had worked out at

less than 1p for every £1 of subsidy. The fact that subsidies had been so inexpensive to administer was largely due to the co-operation of the bakery industry.

Research had shown that the benefit from food subsidies was proportionately three times greater for those families with incomes below £20 a week than those with £30 per week.

Mrs. Williams conceded that the bread industry had been beset with problems over the last year, not least of which had been the operations of the Price Code. But the Government had not adopted a policy of intervention for "intervention's sake." It had inherited the Code from the Conservatives and done its best to improve it.

### District heating hopes receive setback

BY PETER FOSTER

HOPES of more efficient use of fuel through district heating schemes in the near future were rejected last night by a top official of the electricity supply industry.

Mr. P. A. Lingard, chairman of the East Midlands Electricity Board, pointed out that there was no "waste heat" from power stations which could be used to heat homes in the winter.

Speaking to the District Heating Association in London, Mr. Lingard said that he was correcting "a misconception" by some advocates of the district heating schemes. "The so-called waste heat thrown away at power stations," he said, "is in winter at no more than 20 degrees Centigrade... only a few degrees more than the temperature of good wine."

He emphasised that the low temperature was an inevitable result of using the steam for electricity generation to the

maximum possible advantage by taking all possible heat out of it.

The issue of utilising the heat generated at power stations in local communities had been discussed for a number of years.

Mr. Lingard pointed out that such a scheme was in its infancy in the U.K.

He said that if the two complex processes of large-scale production of heat and of electricity were to be combined, it would be a considerable loss of efficiency. He concluded that it was difficult to envisage heat supply from large stations being an early possibility, but that an approach in which smaller stations were involved might be more promising.

If district heating was applied to houses on medium and large estates, then fuel savings of up to £1.5m. could be achieved.

### 'Interesting chances' for ship buyers forecast

BY JAMES McDONALD, SHIPPING CORRESPONDENT

DESPITE THE shipping slump, shipbuilders, insurers, charterers and shipbrokers are all looking for "interesting opportunities" with cash to spare, it is suggested by James Forrester, the London shipbroker, in his latest sale and purchase report.

The report emphasises the cyclical nature of shipping and the industry's resilience. "When one discusses falling values and poor returns, one should not forget the prices for which many units had been originally purchased or indeed the profits made in recent years."

The report adds that the shipping scene continues to be dominated by the slump in the tanker trades, with shipowners, freight market will rise soon

### Alcan raises aluminium prices

By Rhys David

ALCAN, leading supplier of aluminium to the British market, is to increase the price of ingot and semi-fabricated products in the U.K. and Ireland it sold yesterday.

Prices of ingot will rise from £378.60 to £386 a tonne for day-to-day new orders and from June 2 for shipments against existing orders.

The increase on extruded ingots will also be increased £20 a tonne and semi-fabricated products from Alcan Booth will be increased by an average 10 per cent.

The increases are the third in the past year and add about 1 per cent. to the price of aluminium compared with the level March last year when Alcan's new price of £316.50.

The company said yesterday that the latest increases had been made necessary in spite of its controls on all aspects of expense. The last price increase was in December, when ingot prices were raised from £361.50 to £378.60.

#### Demand weak

The rise is being put into effect in spite of the weak state of demand and reflects the industry's view that higher costs have to be recovered.

Alcan is working at only 50 per cent capacity at its Lyrnouth smelter, near Newmarket, and similar reductions in output have occurred at plants around the world.

The industry is affected by "stockpiling" at customer plants and by gradual reduction in demand from main aluminium using industries worldwide, particularly building and motor vehicles.

Figures published yesterday by the International Primary Aluminium Institute in London show that stocks held by producers still leave U.K. consumers paying below European prices and as a result it set unlikely importers will be a to take any significant advantage of the rise.

On present rates of exchange the U.K. price is equivalent to about 41 cents a pound as against 44.45 cents a pound in France and a slightly higher figure in Germany. The U.K. price being held down, however, the falling value of sterling.

#### Below Europe

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#### Open-end spinning lawsuit by Platt Saco

By Rhys David

PLATT SACO LOWELL, U.K.-based international machinery manufacturer in Stone-Platt group, has issued writ against a German company, Spinnfabrik Sussen, alleged infringement of patents on open-end spinning machinery.

The suit, which has yet to set down for trial, is a process which has revolutionised cotton spinning over the last few years throughout the world. A number of companies, including Platt Saco, have developed open-end spinning technology but Platt claims to be the leading supplier in the West world.

The process involves the use of a rotor to spin cotton into the conventional ring spin and the system has been used for a number of wholly cotton spinning operations.

Platt Saco, which changed its name from Platt International earlier this year after its takeover of Lowell, the U.S. textile machinery concern, has sold nearly 100 machines, all but 17 of which are in the U.K.

Open-end spinning has several advantages over conventional spinning and is expected to place it in certain applications. It is less labour intensive, faster and can convert inferior fibres into better quality yarn than could be produced on a spinning.

#### GLASGOW BUYS LAND FOR HOUSING

Glasgow Corporation is acquiring the meat factory premises and office block of Brothers in Shaw Street, Govan, for housing.

# American Express International Banking Corporation

a wholly owned subsidiary of American Express Company

## CONSOLIDATED BALANCE SHEET

| ASSETS  | March 31, 1975         | December 31, 1974      |
|---|------------------------|------------------------|
| Cash and due from banks   | \$ 266,638,000         | \$ 282,427,000         |
| Time deposits   | 344,938,000            | 294,976,000            |
| Investment securities—at cost   | 399,972,000            | 441,076,000            |
| Loans and discounts   | 1,397,906,000          | 1,236,889,000          |
| Accounts receivable and accrued interest  | 77,694,000             | 74,123,000             |
| Land, buildings and equipment—at cost, less reserves                                  | 14,953,000             | 14,589,000             |
| Customers' acceptance liability   | 90,470,000             | 105,549,000            |
| Other assets  | 38,168,000             | 29,928,000             |
|   | <b>\$2,630,729,000</b> | <b>\$2,479,537,000</b> |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>   |                        |                        |
| Customers' Deposits and Credit Balances:  |                        |                        |
| Demand  | \$ 747,041,000         | \$ 664,919,000         |
| Time  | 1,333,012,000          | 1,196,559,000          |
| Total   | <b>2,080,053,000</b>   | <b>1,861,478,000</b>   |
| Special deposit liability to U.S. Government  | 35,000,000             | 35,000,000             |
| Deposits of American Express Company and subsidiaries                                 | 70,057,000             | 58,001,000             |
| Drafts outstanding  | 35,233,000             | 48,313,000             |
| Acceptances outstanding   | 94,213,000             | 109,723,000            |
| Accounts payable  | 72,278,000             | 96,837,000             |
| Other liabilities   | 85,602,000             | 120,426,000            |
|   | <b>2,472,436,000</b>   | <b>2,329,778,000</b>   |
| Reserve for losses on loans and discounts   | 34,705,000             | 31,200,000             |
| Shareholders' Equity:   |                        |                        |
| Capital Stock:  |                        |                        |
| Preferred—5% cumulative—authorized and outstanding 25,000 shares of \$1,000 par value | 25,000,000             | 25,000,000             |
| Common—authorized and outstanding 60,000 shares of \$100 par value                    | 6,000,000              | 6,000,000              |
| Capital surplus   | 7,205,000              | 7,205,000              |
| Retained earnings   | 85,383,000             | 80,354,000             |
| Total shareholders' equity  | <b>123,588,000</b>     | <b>118,559,000</b>     |
|   | <b>\$2,630,729,000</b> | <b>\$2,479,537,000</b> |

\* March 31, 1975 figures unaudited.

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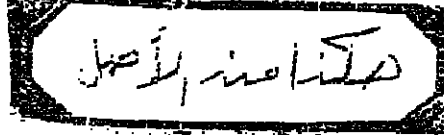
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## HOME NEWS

# Manpower need basis for higher education

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

A CONTROVERSIAL change in day manpower-planning techniques as highly liable to serious error have been made by many experts, including Professor Mark Blaug, the London University educational economist.

This approach as a measure for determining the size of the country's higher educational provision was also specifically rejected by the Robbins Committee.

The Department of Education yesterday denied that the new approach was an overturning of the "Robbins principle" of social demand—that places in higher education should be made available for all who were qualified and willing to take them.

For the majority of subjects, student capacity has been based on the "natural" choice of generations of school-leavers: a choice largely influenced by the youngsters' best subjects at school and how many student places in the different subjects were available in universities, polytechnics and colleges.

This convention of "natural demand," Lord Crowthor-Hunt said, is not my idea of getting the most value out of the expensive educational provision we are making.

The country, he told a conference organised by the North-East London Polytechnic, now needed "to estimate our likely future needs for different categories of trained manpower when they make their future career decisions how best they might match their talents, and the sort of further education they are considering, to the nation's needs."

Lord Crowthor-Hunt also said that he was to make a study of 16 and 18-year-olds to discover why and how they made their choice of continued education and/or careers.

"When we know the main elements in their decision-making process, we shall then know how best we might advise them and encourage them to match their talents to the nation's needs."

The inevitable protest against the change to a manpower-planning approach will not come only from the educators, who will see it as an interference by industrial and commercial interests with the traditions of academic freedom.

Strong criticisms of present-

## Career decisions

"Having done that and we are already working on it in the Department of Education and Science—we then need to do what we can to advise young people when they make their future career decisions how best they might match their talents, and the sort of further education they are considering, to the nation's needs."

Lord Crowthor-Hunt also said that he was to make a study of 16 and 18-year-olds to discover why and how they made their choice of continued education and/or careers.

"When we know the main elements in their decision-making process, we shall then know how best we might advise them and encourage them to match their talents to the nation's needs."

The inevitable protest against the change to a manpower-planning approach will not come only from the educators, who will see it as an interference by industrial and commercial interests with the traditions of academic freedom.

Strong criticisms of present-

# Middle Eastern promise in Edward Bates

NEWS ANALYSIS — BANKING

BY MARGARET REID

EDWARD Bates and Sons (Holdings), the merchant banking group in which Arab interests have bought a 25 per cent stake, has been evolving so rapidly that its future shape looks like bearing little resemblance to its appearance a few years, or even a few months, ago.

Although the price of the transaction, 37½p a share, would put a modest £5.4m. valuation on the group, compared with the £35m. at which it was floated on the Stock Exchange in December, 1972, the changes bring a certain promise.

Indeed, the share price, which has been climbing briskly on the expectation of some such arrangement as the present, closed last night at a level valuing Bates at some £10m.

Thus Bates may be entering a new phase of its rapidly-changing career which, in the last few months, has seen the disposal of its ill-fated investment in Welfare Insurance, on which £2.7m. was lost, to the big London and Manchester Assurance. The group has also recently been putting greater stress on corporate finance activities.

The group's banking subsidiary, Edward Bates Ltd., is an authorised bank—a status it happily acquired just at the onset of the secondary banking crisis in December 1973.

This status means that a special interest in its well-being is held by the Bank of England, which has approved the present transaction.

Entry of the Arabs as shareholders, and the additional finance which this development is likely to make available—the purchasing consortium includes the pan-Arab bank First Arabian Corporation—is likely to affect Bates' development in several ways.

In the first place, its established business in the finance of shipping and oil—the latter through

certain remaining U.S. interests—looks like getting the advantage of heavier backing, though it is a fair assumption that the previous large stress on property lending—a recent problem area—will be soft-pedalled.

Secondly, a new orientation of some of the group's activities towards the Middle East and Africa is likely to be a feature of future policy. Mr. Keown-Boyd said yesterday that, in talks with Prince Abdullah in Saudi Arabia, they had identified several new objectives.

## Commercial

One aim was to search out industries and projects, including mining and agriculture, which could be developed in the Arab world with a mixture of Western expertise and Middle Eastern money. Another was to get away from the tendency for Arab investment to African and Asian countries to be on an aid basis, so that it became more commercial.

As the Middle East interest in Bates goes up, to 25 per cent now and possibly 40 per cent later, that of the Edinburgh-based group Atlantic Assets Trust, which has hitherto been the dominant influence in Bates, goes down.

Atlantic Assets has sold the present holding to the Arab consortium—at only 37½p, com-



David Keown-Boyd, managing director of Edward Bates and Sons (Holdings).

pared with a market price twice that level before the announcement—and has undertaken to sell another 15 per cent within three years at 55p. The hopes attached to the new development were reflected in the fact that Bates' market price fell only 5p to 68p yesterday, despite the much lower prices in the deal.

Some such development as the new deal has been expected for some time, since some major changes in Bates' shareholdings had been undertaken earlier this year.

The company began in Liverpool, where it still has an office, and was launched by the Bates family, which started and long ran Cunard. Then in 1967 it was merged with Mounthall Securities, which had been developed by two financiers, John Robertshaw and Dennis Barkway, and

in its joint form it continued to be a specialist in special situations, including participation in ventures supporting the North Sea oil quest.

In 1970, Bates' entire capital was acquired by Atlantic Assets Trust, an investment trust, the chairman, Mr. James Gammon, is still Bates' chairman. But at the end of 1972, a major injection of capital was put into Bates by Sir Max Raza's London Merchant Securities, in return for a 25 per cent share stake.

Through a rights issue of some of the Bates shares, the company was reconstituted on the market, AAT retaining 33 per cent.

## Temporary

In February this year, Liff, which had seen the value of its investment fall heavily from the 247p a share at which it had come in (Bates shares were earlier this year) sold 17½ per cent of its near 25 per cent stake to Atlantic Assets.

The latter was allowed by the Take-over Panel to raise its per cent stake to 50 per cent on the understanding that the position was temporary. Now Atlantic has cut back its holding to around 25 per cent, this would fall to some 10 per cent. If the Arab consortium exercised its option,

## Control

The new £1.34m. deal, for carries out hopes held for some time by the new chief executive, David Keown-Boyd, a Middle East specialist, involves a consortium led by Prince Abdullah

# TGWU urges rebuilding of Flixborough works

BY RAY DAFTER

NYPRO U.K. has been urged by the Transport and General Workers' Union to rebuild the devastated Flixborough chemical works.

The company, jointly owned by the National Coal Board and Dutch State Mines (DSM), is expected to make an early planning application for a new caprolactam plant to be built on the original site.

The Nypco branch of the TGWU said yesterday that it would support such a move in order to boost local employment prospects. The original labour

force of some 550 employees has been more than halved since the plant's closure.

It envisaged that some 200 to 250 process workers would be needed, if the caprolactam plant were reopened. (A separate fertiliser plant on the site is due to be reopened this year.)

"In the present financial state of the country it is imperative that Nypco be rebuilt on the original site with the expertise of the workforce they have," said Mr. Jim Lavery, secretary of the union's shop stewards' committee at Flixborough.

# 'Cut lorries to match tonnage'

Financial Times Reporter

MEMBERS of the Road Haulage Association were urged last night to cut lorry fleets rather than take on uneconomic work.

Mr. Ken Hatcher, chairman, said at the association's annual dinner in London: "Increases in costs are staggering. In the eight months to February the industry had faced a 19.33 per cent rise in costs."

"The only sensible advice is stark and simple. Cut the fleets to match the tonnage on offer; refuse to work for uneconomic rates however great the temptation to keep the wheels turning; seek to dissuade newcomers by whatever means are possible from entering the industry while the amount of traffic is declining."

Mr. Hatcher said of the EEC: "We in the road haulage industry are by no means alone in our amazement that, at this crisis in the nation's affairs, anybody can even contemplate provoking the upheaval that would be bound to result from leaving the Common Market."

# Workers and council make final plea to save Shotton steel plant

BY ARTHUR SMITH

THE CLOSURE of steelmaking Port Talbot. Moreover, development of Morpeth would benefit the other industries in North Wales and North-West England.

Shotton was given a temporary reprieve, pending further studies, in the interim report by Lord Beswick on his review of British Steel Corporation's planned closure programme.

Hope is high that a Government decision on the future of the works will be made soon.

In a last-minute move to strengthen the case for developing Shotton into a medium-sized integrated plant, an up-dated study has been prepared by Clwyd County Council in consultation with the trade unions and workers.

The report says that by spending £129m. on modernisation, the plant could produce hot rolled coil £5.04 per tonne cheaper than that transported from Port Talbot. This would mean a saving of between £10.5m. and £12m. a year.

Countering BSC's arguments for the choice of Port Talbot as a deepwater terminal for ore imports, the study says that Morpeth Dock could be developed to accommodate ore carriers of up to 100,000 tons with no direct capital investment required from BSC.

An independent report by shipping consultants "clearly demonstrated" that for ore imports Morpeth was at no disadvantage when compared with

## Redundancies

Acknowledging that under its own plans for modernising Shotton some 2,000 jobs would be lost, the document points out that the BSC strategy would mean 6,500 direct redundancies and 1,000 indirect.

This would lead to unemployment among men of 23.9 per cent on Deeside, 12.5 per cent in Wrexham and 9.8 per cent in Chester. Neighbouring areas of Merseyside and Gwynedd would also suffer "grave economic difficulties."

Closure of steelmaking at Shotton would cost about £102m. in redundancy payments, compared with the £129m. necessary to operate a modernised works profitably.

A special delegation of Merseyside's leading civic officials, building industry representatives and trade unions will meet Mr. Gerald Kaufman, Parliamentary Secretary at the Department of Environment on Monday over the serious unemployment problem.

Two days later, 500 building trade operatives from the region will charter a train to lobby MPs at the Commons on the same issue.

Dynasafe Seating, which makes seats for 60 per cent of the British car trade, is to close one of its two factories at Bolton because of the general recession in the car industry and British Leyland's plans to transfer

Three outline planning applications deal with industrial buildings with a floor area of about 1.5m. square feet for manufacturing zero-engines and for office storage and auxiliary purposes.

The project would involve moving more than 5,000 workers to the new factory complex, the company said yesterday. It is only an outline application, when the contract is awarded, will depend on economic circumstances.

ROLLS-ROYCE has plans to move its main works in Derby to Nightingale Road to a purpose-built plant at Salford Moor. The proposal is described as the largest industrial development to go before Derby Borough Council.

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# New safety hazards in North Sea

BY JAMES McDONALD, SHIPPING CORRESPONDENT

THE MAIN problems affecting safety at sea were exploitation of oil in the North Sea, the carriage of dangerous goods in containers and the operation of sub-standard ships, Mr. Peter Shore, Secretary of State for Trade, told the Merchant Navy and Airline Officers' Association in Liverpool yesterday.

In the North Sea, there were the new hazards of the traffic supplying the offshore oil industry and the oil rigs themselves.

The Government was "working urgently on developing a set of safety regulations for all drilling vessels and installations."

The U.K. was trying, mainly through the Intergovernmental Maritime Consultative Organisation, a branch of the UN, to improve international co-operation in dealing with sub-standard ships.

"It is hoped that a meeting at IMCO headquarters in London in July will lead to a strengthening of existing arrangements for identifying the ships concerned and taking appropriate action," Mr. Shore said.

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# Ban on picketing at Islington to stay

FINANCIAL TIMES REPORTER

Court of Appeal ruled yesterday that the ban on tenants picketing an estate agent's office in Islington, North London, should not be lifted.

Lord Denning, Master of the Rolls, supported the public "right to protest" and called for an ending of the ban, but his two fellow judges said that the ban must stay.

An appeal to the House of Lords is impracticable for legal reasons, so it is possible that the protesting tenants may try to get the matter raised in Parliament if they feel there is need for earlier guidance over the general problem of non-industrial picketing.

The case came before the Appeal Court over the right of several Islington people to object to fashionable housing developments in parts of the borough.

They challenged the ruling of Mr. Justice Forbes last November that protests in the form of picketing the offices of a local estate agents were unlawful as they were not in furtherance of a trade dispute, and therefore, they should be prevented by an interlocutory injunction from

picketing the firm, Prebble and Co., until the full hearing of an action against them for alleged nuisance, conspiracy and libel, takes place.

Lord Denning said: "This ruling of Mr. Justice Forbes is of such significance that I do not think that it should be allowed to stand. I see no valid reason for distinguishing between picketing in furtherance of a trade dispute and picketing in furtherance of other causes. Why should workers be allowed to picket, and other people not?"

No nuisance

"I do not think there is any distinction drawn by the law save that, in the case of a trade dispute, picketing is governed by statutory provisions and in the case of other causes it is left to the common law."

"Broadly speaking they are in line, the one with the other. Picketing is lawful so long as it is done solely to obtain or communicate information, or peacefully to persuade, and is not such as to submit any other person to any kind of constraint or restriction of his personal

freedom. It is a common law nuisance in itself and I have seen nothing in the actions of the defendants to cause such a nuisance.

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Lord Denning said that in the present case in his view everything had been done peaceably and the only complaint by the estate agents



## LABOUR NEWS

## NUPE may seek pay rise of 33% for 1.25m. workers

BY LORELES OSLAGHER, LABOUR STAFF

CALLS for pay increases of more than 33 per cent for some 1.25m. workers employed by local authorities and the National Health Service will be discussed by the annual conference of the National Union of Public Employees in Scarborough next week.

At a time when the TUC is discussing ways of strengthening the social contract wage guidelines limiting pay rises to the rate of inflation, at present around 23 per cent, NUPE said that it endorsed by the conference the demand for a 33 per cent rise in pay.

Additionally, the union would instruct union leaders to seek a threshold agreement to protect the new settlements against erosion by inflation. The Government is opposed to any further threshold deals.

The conference will also have

before it a draft resolution calling for outright rejection of the social contract.

The union's national executive, which has the backing of more than 20 branches, calls on the union's national executive to demand a minimum basic rate of £40 a week as opposed to the present basic rate of £30 a week.

Also sought is a reduction of the normal working week from 40 to 35 hours.

Other matters on the union's agenda include a call for public expenditure to be cut, and a call for a 33 per cent rise in pay.

After its recent successes in the campaign against private pay beds in NHS hospitals, the

union is also being asked to fight for the complete abolition of private medical practice.

Calls for the protection of wages against inflation by further threshold deals will also be discussed at two other union conferences next week.

The National Union of Railway and Maritime Workers is being asked to seek a "substantial" rise in wages, as well as quarterly flat rate increases determined by the movement of the Retail Price Index.

The Inland Revenue Staff Federation has before it a draft resolution asking that "as the cost of living increases during the coming year, so increases in current rates of pay be negotiated."

The union, the Civil and Public Services Association, has already warned that it will look for an interim pay rise if inflation should threaten to erode the recent 26 per cent pay award for civil servants.

## Cash boosts jobs hopes

By Our Labour Staff

THE MANPOWER Services Commission has been asked by the Government to work out ways of creating new jobs after the £50m. Budget allocation for additional re-training over the next two years.

When the Chancellor allocated the £50m. many people felt that without job creation schemes this money would risk being wasted. Sir Denis Barnes, chairman of the Manpower Services Commission, said yesterday that, in fact, the Commission had been asked to frame such creation schemes "in more detail" by the late summer.

So there seems to be some hope that eventually additional industrial training will be accompanied by appropriate work creation schemes.

On the whole, it was "still easy to take a pessimistic view of Britain's manpower situation," Sir Denis told a meeting of the Food Drink and Tobacco Industry Training Board, which was introducing a manpower planning guide, designed to meet the needs of medium and small companies.

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## Williams &amp; Glyn's knows how to help with cash flow problems.

Whether your company has a temporary surplus or is temporarily out of funds, why not talk to Williams & Glyn's? We can put your surplus funds to work for you in short term deposits—or if you are out of funds, we may well be able to help till the next inflow.

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## Electrical workers win up to 44%

By Our Labour Reporter

A NEW pay deal which will raise the basic rates of 7,500 telecommunications, industry craftsmen by up to 44 per cent, above last year's levels was agreed yesterday.

The Electrical and Plumbing Trades Union and the Engineering Employers Federation.

The settlement highlights the price of private sector negotiations where unions are seeking to match recent public sector settlements totalling more than 30 per cent.

The rises are well above the limit imposed by the social contract's cost of living guideline, although the union would point to an increase in the labourers' rate from £22.25 a week to £23.50 a week for the low paid.

This rise amounts to a total of more than 44 per cent, if £24.00 a week thresholds already in the pay packet are taken into account.

The "new money" increases, totalling £7.33, add up to around 33 per cent.

Rises for the top skilled men amount to £10.40 with the thresholds, a 28 per cent increase on last year's £22.25.

This establishes a new top rate of £45.40 a week.

Don't attack contract plea

CRITICISM of people who attack the social contract "from the inside" came yesterday from Mr. Eric Levin, general secretary of the 26,000 strong Merchant Navy and Airline Officers' Association.

He told his union's annual conference that he expected some people to try to destroy agreements between unions and the Government.

But he did not expect attacks on social contracts to come from those who helped make them.

Meanwhile Mr. Gerry Gorman, the general secretary of the Society of Civil Servants, told his conference that the social contract in the case of civil servants was "monumentally irrelevant."

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## Clearing bank staffs' arbitration hint

BY OUR LABOUR CORRESPONDENT

LEADERS of 180,000 English clearing banks' staff warned yesterday they would take their pay negotiations to arbitration unless the employers improved their 20 per cent offer to cover the full rise in the cost of living in the 12 months following their last annual deal last July.

The National Union of Bank Employees and the staff association agreed to insist that the employers agree that any new deal can be reopened inside 12 months if the cost of living continues to escalate.

This ultimatum will go to the clearing banks employers to-day along with a demand for a special meeting of the joint negotiating committee on May 23 when the staff representatives will expect

a reply.

To date the employers have offered to match the rise in the Retail Price Index between last June and the April's figure to be published this month, together with two-tenths of that total.

This is expected to give an offer of 20 to 21 per cent, representing the employers' estimate of the rise in the RPI in the year to the end of June when the current deal expires.

Both NUPE and the staff associations claim this will not meet the anticipated rise in the RPI which they estimate will be more like 24 to 25 per cent, and have suggested that the employers agree to top up their offer later in the year when the full statistics are known.

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## Foot leads steel delegation

By Our Labour Staff

MR. MICHAEL FOOT, Employment Minister, yesterday led a delegation from the Ebbw Vale to see Sir Monty Finniston, the chairman of BSC, to discuss plans for redundancies at the local steel works.

Mr. Foot was acting in his capacity as MP for Ebbw Vale, where under his long-term closure programme BSC is planning to cut total employment by about one-third to just under 6,000 men.

No details of the meeting were given, but one of the purposes of the Ebbw Vale delegation—which included steel workers as well as members of the local council—was to find out to what extent Sir Monty plans to speed up the redundancies, originally scheduled to be spread over four years.

No other major moves in the dispute over BSC's plans for 20,000 redundancies this year are expected until the TUC steel committee sees Sir Monty next Monday.

Earlier this week the committee approved its proposals for an alternative strategy, based on "unanimous" rejection of immediate works closures and of suspension of the guaranteed work scheme.

The only concession was that the unions are prepared to make it to accept voluntary redundancies where over-manning exists, provided there is full consultation at local level. They also call for the elimination of unnecessary overtime.

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## Astonishing calm as PM returns

BY PHILIP RAWSTORNE

### Leyland Bill sets out shares offer

By Richard Evans, Lobby Correspondent

THE BRITISH Leyland Bill published yesterday authorises Mr. Anthony Wedgwood Benn, Secretary for Industry, to acquire shares in the British Leyland Corporation following the Government's rescue plan.

The simple two-clause enabling Bill should have its second reading debate before Parliament rises for the Whitsun recess at the end of next week and become law by July.

As outlined in the Government White Paper, "British Leyland—the next decade," published on April 23, the Secretary of State will offer to acquire shares from BLMC shareholders at 10p each at a maximum cost of £25m.

Further shares offered to shareholders but not taken up by them will be acquired by the Government up to the cost of an additional £200m.

The proportion of the £255m which will be needed depends therefore on the extent to which shareholders accept the offer for their shares and fail to take up the additional offered to them.

### Holiday Bill defeat

THE GOVERNMENT was defeated in the Lords yesterday on an amendment to the Air Travel Reserve Fund Bill providing that travel companies may pay their contributions to the fund in three-monthly instalments—with the first not before September 1.

The amendment, moved by Lord Belsed (C.), on the Bill's committee stage, was approved by 81-68, a majority of 13 against the Government.

### U.K. to ratify precious metals convention

BRITAIN has decided to ratify the convention on the Control and Marking of Articles of Precious Metals, Mr. Alan Williams, Minister of State for Prices and Consumer Protection, told the Commons yesterday.

Steps were being taken, he said, to prepare the necessary Order implementing the provisions of the convention and this would be laid before Parliament in due course.

### Electrical safety move

NEW ELECTRICAL equipment safety regulations are to be made by the Government shortly which will prescribe general safety requirements applying to all electrical equipment sold for use in the home.

### Need for tougher disclosure powers is real issue—Benn

BY JOHN HUNT

INDUSTRY SECRETARY Mr. Anthony Wedgwood Benn indicated yesterday that in discussions with the TUC, the CBI, and his Government colleagues, he will be arguing for tighter rather than weaker provisions for the disclosure of company information under the Industry Bill.

Speaking during the committee stage of the Bill, he said that at these meetings it would not be a question of "can we clamp down and make it more secretive still?"

Indeed, he would be faithfully reporting to those attending discussions that the real question was whether the disclosure provisions in the Bill were enough.

"The real argument about disclosure in Britain today is not the Opposition argument that we don't want it. It is the other argument that we want more disclosure," he added.

Mr. Benn's hard line came as a surprise to the committee following his remarks in the Commons guillotine debate of the previous night when he promised that the Government would hold further talks with the CBI and TUC about the Bill's provisions. He had told the House that the Government would consider any representations from both sides of industry at these talks and, if necessary, amend the Bill.

**Sensitive**  
The provisions for manufacturing companies to disclose information to the Government and the unions have been the most sensitive area of the legislation as far as industry is concerned and has been strongly opposed by the CBI.

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### Labour attacks on Sir Monty

BY JOHN BOURNE, LOBBY EDITOR

THREE LABOUR MPs made attacks yesterday on Sir Monty Finniston, chairman of the British Steel Corporation, whose proposals for redundancies have brought him into conflict with Mr. Anthony Wedgwood Benn, the Industry Secretary.

Dr. Jeremy Bray, a former Labour Minister and now MP for the Scottish steel constituency of Motherwell and Wishaw, tabled a Commons motion saying that Sir Monty should "consider his attitudes and position" and accusing him of pursuing a policy of provocation to customers, employees, Government and Parliament.

It also charges him with exaggerating the costs of delaying plant closures in his controversial announcement that the Corporation must reduce jobs by 20,000.

Dr. Bray's motion claims that industrial relations in the BSC have deteriorated, with workers and managers being demoralised, and major operating mishaps in plants "occurring with unjustifiable frequency."

Finally, it says that Sir Monty has talked to Opposition MPs with no steelworks in their constituencies, while refusing to see members who do have steelworks.

Also, it describes Sir Monty as "an impatient man who finds difficulty in working with his colleagues, and has allowed his enthusiasm so far to exceed his judgment that his effectiveness as a manager has been compromised."

Mr. Roy Hughes, Labour MP for Newport, said: "The first way to improve the prospects of the BSC is to appoint a new chairman."

And Mr. Gwilym Roberts (Cardiff) tabled a question to Mr. Wedgwood Benn asking him to introduce legislation to make nationalised industries chairmen subject to his authority.

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## Foot points to dangers in Chrysler dispute

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

MR. MICHAEL FOOT, Employment Secretary, yesterday pointed to the dangers of a resumption of work by the strikers in the Chrysler dispute to allow negotiations to continue on the company's proposals.

Nor was there any dissent in the Commons when he suggested that the House gave its full backing to this call.

The Minister and MPs on both sides made plain their anxiety that the company under pressure might even collapse—a possibility put into words by Mr. Maurice Edelman (Lab., Coventry and N.W.), after a statement from Mr. Foot on the background to the dispute.

From the Tory backbenches, Mr. Foot was urged to dispel any idea that if the company "went bust" as a result of the strike the Government would

simply come in with a British Leyland-type rescue operation. Mr. Edward Taylor (C., Cuthbert), contended that if the Chrysler dispute allowed negotiations to continue on the company's proposals, it would help to resolve the strike.

Mr. Foot replied: "There is no doubt about what we think of the strike and I trust that will be taken into account by the shop stewards and all concerned."

There is not the slightest doubt either about the dangers to the company, the dangers for people's jobs in Chrysler—and the dangers for the jobs of many other workers as well," the Minister added.

In his statement he pointed out that Chrysler had made a proposal for employee participation in the management of the company, including representa-

tion on the Board and for profit sharing.

If there were an immediate resumption of work and progress were made on these proposals, the company had undertaken to make an offer on May 23 in response to the wage claim.

As the new wage settlement is not due until July 1 and the company has undertaken to make an offer next week, I very much hope that there will be an early resumption of work to allow negotiations to continue on the company's proposals," said Mr. Foot. Such a move also had the support of the union officials.

On the Tory side, Mr. David Madel (S. Bedford) said the dispute was "potentially the most

## Economy: Hopeful signs—Short

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

MR. EDWARD SHORT, Leader of the House, last night dismissed accusations of Government failure to "come to grips" with a critical economic and financial situation.

There were many hopeful signs that the economy was improving, he insisted in the Commons. Among the encouraging indicators, he listed in particular: "rapid" improvement in the balance of payments; a "greatly improved" situation for company finances, following the Chancellor's budgetary measures; and the better money supply position.

"The present situation in the economy is serious, but it is not by any means hopeless," said Mr. Short. And he rounded severely on Tory backbenchers who were

surprised into amused incredulity at his summary treatment of their arguments that another "economic package" was needed. He rejected out of hand a contention by Mr. Evelyn Hoosen, on the Liberal benches, that a wage freeze should be imposed.

A statutory incomes policy was no way out of our difficulties, Mr. Short declared, when he replied to a debate on whether the House should adjourn for the Whitsun recess on May 23.

The present state of the economy, he held, was the inevitable consequence of the failures of the Heath Government, and he reminded the House that a statutory incomes policy had failed to work under both Labour and Conservative administration.

From the benches behind the Government, Mr. John Goding

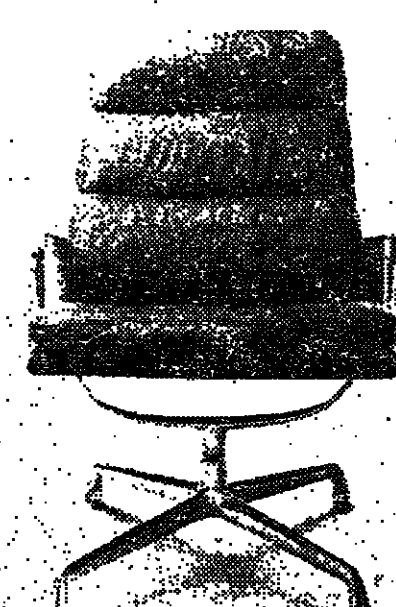
(Newcastle-under-Lyme) told Ministers that there could be no coalition between Labour MPs and the Opposition.

Mr. Cranley Ouslow (C. Woking), claimed that Mr. Wilson on TV had looked a tired man. He and other Ministers needed a longer Whitsun recess so that they could have a rest. As for the "shadow" Government, Mr. Anthony Wedgwood Benn "everybody would like to see him take a good rest," said Mr. Ouslow.

From the Opposition front bench, "shadow" Leader of the House, Mr. John Peyton, said that the country's economic troubles were not caused by frankness and candour in the Commons. They were caused by our constantly running away from the realities of the problems.



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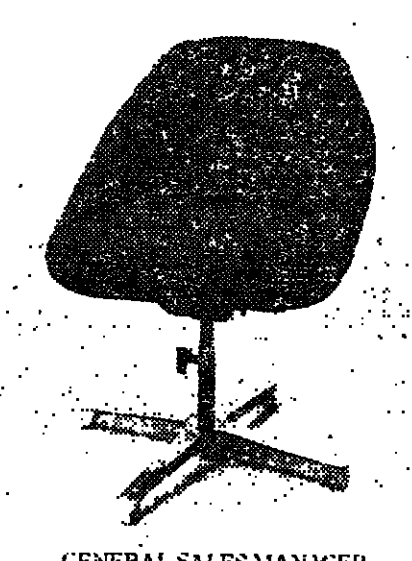
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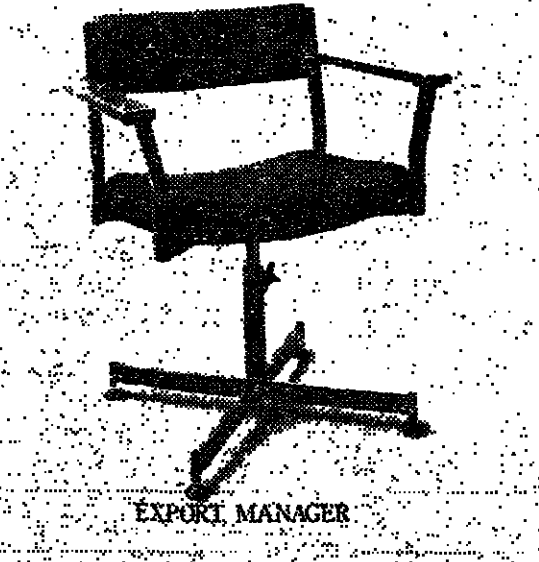
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# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## ● MATERIALS

### Deep freeze cleans scrap

CRYOGENIC processes using liquid nitrogen to convert low grade scrap metal into clean, high purity ferrous fragments are being made available for the first time in the U.K. by BOC.

BOC is the agent for the process, which has been developed over the past five years by Belgium's major scrap company, George et Cie.

Worldwide patents for the process are held by the Belgian consortium, Inscrup SA (International Center for High-Quality Scrap). It is expected to create considerable interest in the British steel and scrap metal industries.

The process accepts low grade scrap, such as old cars or washing machines, heavily contaminated with copper, zinc, aluminium and non-metallic impurities. First the scrap is compressed into bales and then cooled with liquid nitrogen (at minus 196 degrees C.). At this temperature the impact resistance of mild steel, from which, for example, car bodies are manufactured, is dramatically reduced.

The embrittled bales are then fed to a fragmenter where the steel is shattered into "potato-crisp" size fragments. This stage releases all the trapped contaminants and allows their complete removal. The finely fragmented product is free-flowing

and suitable for high quality steel manufacture.

BOC is backing the process with expertise in cryogenic engineering.

Applications Department, BOC, Raynesway, Derby DE2 7BD, Derby 61455.

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## ● RESEARCH

### Assessing inventions

A FREE initial study of the commercial prospects for new products and ideas is offered by Novation Consultants, a company recently formed to assist in the development and exploitation of new inventions.

If the preliminary survey is favourable the company will offer an in-depth study of marketability, likely production costs, and profitability on an agreed fee basis. A comprehensive promotion service, covering the placing of the project, company formation, negotiating licence agreements, design improvement and the like, is offered to suit the client's wishes.

The company provides expertise in international patent and contract law, engineering, marketing, production, finance and taxation, and also offers numerous contacts in banking and industrial fields to find suitable financial backing.

Details to the company's registered offices at 34, Armorel Court, Coventry CV3 6JG, Coventry 414443.

## ● COMPUTERS

### Eliminates paper tape

EQUIPMENT THAT will replace a paper tape reader and punch for under £1,300 and which makes use of the 3M DC300 magnetic tape data cartridge has been introduced by Sintrom Electronics, 2 Arkwright Road, Reading, Berks, RG2 0LS (07485464).

Known as the model 8040, the unit can put 13 megabits on to the cartridge, the equivalent of 13 x 1000 ft. reels of paper tape, with the advantage that the medium is re-usable. Recording is to ANSI/EBCMA standards.

The unit, made by Perex, has a dual input buffer of 2 x 1024 bits with an option of 2 x 4096 bits. Automatic error-handling is provided with a re-load cycle of 16 times. Access time does not exceed 20 seconds to any data. The interface is Teletype/modem compatible, enabling easy use on all computers.

With soaring postal charges, Murrhead is also actively examining the prospects for switched facsimile and is looking at systems for connecting 200 subscribers with perhaps 60 letters a day to each exchange.

## ● INSTRUMENTS

### Hardness of carbides

ROCKWELL has installed in its Stourport showroom the latest Wilson Rockwell digital hardness tester Model 3DA for carbide testing.

The instrument reads out in Rockwell "A" scale numbers to the nearest hundredth of a point, enabling accurate rounding off to the nearest 0.1 of a point. The tester is motorised for maximum repeatability of readings and applies and removes the 60kg total major load slowly on a 10 second testing cycle.

This reduces the possibility of cracking, but—more important—greatly improves the life of the special diamond indenter which is specially designed for carbide testing. It is sintered in a carbide setting then specially calibrated on calibration blocks in the 80-92 "A" scale range.

Rockwell, Sandy Lane, Stourport-on-Severn.

## ● FOODSTUFFS

### Detergents from sugar

TATE AND LYLE has introduced an entirely new formulation in detergents, based on sugar. Developed at Tate and Lyle's research and development laboratories on the campus at Reading University, they will be marketed under the Tal brand name.

Three products are currently available: a general purpose hard-surface powder cleaner, Tal SD60, a liquid hard surface cleaner, Tal SD70, and a vehicle washer, Tal SD75, and all will be initially sold to the industrial market.

The detergent is produced by the reaction of sugar and fats with a catalyst. It is highly biodegradable, and offers distinct advantages on a cost-performance basis to petrochemically based detergents, the company claims.

Extensive tests for toxicity have been carried out and the detergent has received the approval of the Vitreous Enamel Development Council. A new pilot plant with a capacity of 5,000 tons per year has been specially built near Reading for production of the formulated detergent.

The biodegradability factor is of major importance at the moment because of the growing burden of water treatment on the community. The oil-based detergents still used in great amounts are hard to break down and cause serious problems to the water authorities.

## ● ELECTRONICS

### Cleaning by plasma

AN EQUIPMENT allowing a completely different approach to industrial cleaning of electronic and optical parts has been developed by Nanotech (Tbim) Ltd, Sedgley Park Trading Estate, Prestwich, Manchester M25 5WD (061-773 5614). It also offers an improved method of preparing specimens for laboratory work.

The technique utilises a removable reaction chamber which is evacuated to one torr. A carrier gas is drawn into the chamber, which is then excited by an external radio frequency coil. The resulting gaseous plasma is highly reactive and causes low temperature combustion of organic materials. By the use of different gases selective reactions can be obtained involving either oxidation or reduction.

The equipment is economically priced and housed in a self-contained bench mounting requiring only the provision of a remote mounted rotary vacuum pump.

## ● TRANSPORT

### Identifies any car

GEC MOBILE Radio has extended its product range with the addition of a new vehicle identity system for use with any of its current am or fm mobile radio-telephones.

The system consists of the RC1285 encoder, which is mounted in each mobile radio, and the RC1270 decoder which is located at the system control centre. Together, they ensure immediate identification of any particular vehicle in any system: each time a mobile transmitter is keyed, the encoder transmits a code of five sequential tones which is received and decoded at the control centre and then shown on a visual display unit as either a four numeric or a three alpha-numeric code.

These systems give obvious advantages to the users of mobile radiotelephone systems. In the case of systems with considerable numbers of vehicles such as those operated by police forces and large taxi firms, the automatic transmission of sequential tones and displaying of identifying codes gives easier and more accurate communication. Since each mobile within any one system will transmit a different code there can be no ambiguity as to the identity of the caller. In the event of a general broadcast being transmitted from the base station, the display can be pre-set to accept and hold only the code of the first mobile to reply and thus the problem of having to pick out an individual reply from a "babble" of two or three simultaneous replies is eliminated. At the same time, with the present congestion of v.h.f. mobile bands reaching critical proportions, it is desirable to reduce the amount of time actually spent on the air.

GEC-Marconi, Marconi House, Chelmsford, CM1 1LX (0245 53221).

## ● BANKING

### Philips has a traffic solution

PHILIPS Traffic Automation has a new micro-computer, completely insensitive to effects from the environment. This makes it suitable for use along roads and a new line of traffic control equipment, providing economically attractive solutions for complicated intersections and for all kinds of coordinated traffic control systems, such as area control and green waves, has been based on it.

Essentially for traffic control work, the new unit demands no knowledge of software or computer techniques. Traffic experts are able to concentrate entirely on traffic problems.

As the computer can be used at various levels and in which differing situations, numerous new applications become available in the way of equipment location and function as well as for traffic control methods. The memory consists of various types such as PROM, ROM and RAM and can be programmed manually.

Philips, P.O. Box 32, Hilversum 1301, The Netherlands.

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The Hon Cesar Virata  
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IBM study

IBM EMS study looked at the American market, broke down the pattern of mail flow, and showed that nearly three quarters of all mail is business generated, nearly half the total being addressed to individuals. Less than 15 per cent. was from

one private individual to

Quoted estimates showed that 80 per cent. of all existing U.S. first class mail was either computer generated or bound for a computer system for inclusion in a data base. The USPO estimates for planning purposes estimated a potential annual volume of 30bn. pieces of mail.

An electronic extension of the existing mail service, would attract mail to an electronic mail centre (EMC) where it would be converted into digital form using either OCR scanning devices or facsimile scanners. Alternatively there would be provision for access via the telecommunications network, either through an EMC or directly to the EMC for those providing mail already prepared in magnetic form.

The system is essentially store and forward and is coded, hence there would be considerable use of computing systems at these centres. The EMCs would be linked to each other using time division switching techniques over a satellite link.

At the receiving end the mail would go out through magnetic media, or through printer systems into a paper form suitable for delivery in the normal manner.

The full paper to paper service is no doubt legally no more than an electronic version of the existing system; the electronic system in which the links are computer to computer does, however, cut across the U.S. common carrier business as it exists today. Yet because of existing characteristics of the U.S. mail, it is economically necessary for an EMS system to deal with these issues is thought to have had much to do with the lack of progress in decision making.

Thirty billion letters could be handled by one 80 MCB transponder. The implications of this both for conventional long line telecommunications economies and on the complex of transport facilities currently used for carrying the mails are vast.

It is apparent that a satellite EMS system has within it the seeds of considerable economies, but by its very nature it crosses many existing boundaries and therefore is bound to meet resistance from many quarters.

European ideas on the problem are necessarily more complex than in the U.S.

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## The Executive's World

EDITED BY JAMES ENSOR

## Banking to suit the public

BY ART GARCIA in San Francisco

CALIFORNIA IS THE most hotly competitive banking battleground in America, probably the world, with a line-up of commercial giants that includes Bank of America, Security Pacific, Wells Fargo, United California, Union Bank, Crocker National and Bank of California. All are statewide banks and most have hundreds of branch offices. Additionally, there's the competition of the growing number of eastern U.S. banks and foreign banks that are moving in, drawn by the appeal of California's population of 21m, its high level of personal income, and its proximity to the growing business with the developing Pacific Basin nations. Only New York has a greater concentration of banking wealth.

Basically, the California banking scene is settled, but there were waves in 1973 from a top management shuffle at Crocker National Corporation and its principal subsidiary, Crocker National Bank. Now, a year and a half later, San Francisco-based Crocker is stirring the competitive waters again, but this time with tough new management and an aggressive marketing effort that has rattled the California banking community. The major current Crocker campaign is its broadly advertised shift to "customers' hours," not bankers' hours, with daily banking hours extended from 8.30 a.m. to 4.30 p.m. and to 6 p.m. on Friday. All other major banks in the state are open between 10 a.m. and 3 p.m., plus the Friday 6 p.m. extension. Crocker also is offering free checking accounts to those over age 62.

## Shake-up

Theme of the new marketing push is "Crocker's Changing Banking," but the important thing to banking analysts and investors is that Crocker is shaking up a year ago a half ago that saw the company's 43-year-old president abruptly resign. Crocker was given no stronger



Thomas Wilcox

a rating than "mediocre" in terms of management and company performance by those who follow the banking industry. Wall Street analysts described Crocker, California's fourth largest bank and 12th biggest in the U.S., as "poorly run." The company's earnings fell in both 1972 and 1973, declines that came when all but one of California's other major banks were reporting higher profits.

At the heart of much of the open criticism about Crocker, which has overseas offices in London, Tokyo, Melbourne, Hong Kong, Beirut, Manila, Frankfurt and the Cayman Islands, was its lack of management ability or depth. "They haven't developed the talent needed to run a bank," complained one New York bank analyst. "There's really no dynamo behind the company, no real leaders in middle management," added a San Francisco financial analyst. Speculation was Crocker's Board of Directors, who were rumored to have pressured the company's president to quit, would go outside the bank to find a successor as old president abruptly resigned. The chairman who was nearing

the mandatory retirement age of 65.

Crocker did what the banking community had expected but it reached all the way to New York for its new management chief, picking Thomas Wilcox to take over in January of 1974 as president. The 58-year-old Mr. Wilcox was recruited from Blyth Eastman Dillon, a nationwide Wall Street investment banking firm, where he had been vice-chairman and a director for two years. Prior to that, he was with First National City Bank in New York, rising to vice-chairman of both the bank and its parent, First National City Corporation. Now most observers agree that in Mr. Wilcox, who began his business career as a bank page, Crocker has its "dynamo."

In the little more than a year since he joined the bank, Mr. Wilcox has cleaned house at Crocker as he works to forge a new corporate image. Executives have been fired and replaced by bright young managers tempted by the verve and style of Mr. Wilcox, the noticeable improvements in Crocker's results, and the promise of performance bonuses. Three months after moving in, Mr. Wilcox moved up to chairman and chief executive, retaining the title of president. This past January, the bank brought in as president Robert Wilmoth, 46, from First National Bank of Chicago, where he had been executive vice-president in charge of the corporate banking group.

## Applauded

Under Mr. Wilcox, Crocker has reduced its total work force, improved its non-earning assets, reduced the size of its real estate mortgage portfolio to 23.5 per cent. of total loans from 30.5 per cent., and trimmed what had been the highest ratio of overheads to earnings of any major bank. Banking analysts applauded the accomplishments of Mr. Wilcox. "I'm very favourably impressed," says an analyst who was among those who wasn't less than two years ago. "I don't know what all the marketing effort means yet, but I like what I've seen of Wilcox and most of the new people under him," echoes a Los Angeles banking analyst.

The craggy-faced Mr. Wilcox, who grew up in a rough section of New York City, has fought hard to get where he is and the impression is he's still fighting. His first battle, to shed Crocker's image as a sleepy bank run by tired blood, largely has been successful. He has shown he's not afraid to "bite the bullet" when necessary to improve the quality of future earnings. With a five-year compound annual earnings growth rate of only 3.1 per cent. anyway, for example, Crocker last year decided to swallow another earnings decline by adding \$20 million in the fourth quarter to its loan loss reserve. The bank explained the addition to the reserves was because loan charge-offs normally are larger in a recession economy, plus it had identified certain "problem loans" from Crocker's 1973 acquisition of U.S. National Bank in San Diego that now will be charged off against the reserve, instead of reducing 1973 earnings.

## Earnings

Crocker's 1974 net earnings were equivalent to \$2.40 per share, down from \$3.12 per share in 1973, but without the \$20m. added loan loss reserve, the per share net profit last year would have been \$3.35. Mr. Wilmoth at the company's recent annual stockholders' meeting indicated earnings this year would be at least as much as what Crocker had netted in the past two years, implying minimal 1975 earnings of \$3.12 a share. Most brokerage firm banking analysts, however, have worked up preliminary estimates of about \$3.25 per share.

The optimism stems not only from the changes at Crocker under the Wilcox management but the roaring start the company has made this year. Crocker's March 31 first quarter net income was \$11.5m., equal to \$1.13 a share. That compares with earnings of \$4.2m. and 41 cents a share in the 1974 first quarter and represents a 175 per cent. increase—the highest profit Crocker has ever reported for any quarter in its history. "It is fair to say," Mr. Wilcox told happy shareholders, "the restructured Crocker organisation is beginning to produce the earnings results for which we planned."

Pernod's success has been achieved, says Kenneth Gooding, despite the critics who said

## The British will never drink it

THE PEOPLE who pretend to know all about such things told those who were trying to sell Pernod, the anisette drink, to the British that there was no chance at all to develop a reasonable market here. Apart from anything else, the brightly coloured, highly-flavoured product would have to buck the trend that saw consumers turning more and more to lighter-looking and less-flavoured drinks.

But the U.K. has in the space of four years developed into the best export market for Pernod. In the month of October alone last year, sales were more than for the whole of 1971. Total sales in 1974 reached over 170,000 cases (12 bottles in a case), up 300 per cent. on 1972. To get things into perspective, however, the U.K. sales represented this with 1.5m. litres. Compare this with the 130m. litres sold in France. But British sales—before the Budget confused the issue—were expected to rush ahead at 15 per cent. this year.

The success of Pernod in Britain dates back to the time four years ago when its agents, J. R. Parkinson, who had been responsible for the brand since 1938, decided to cut out above-the-line advertising and concentrate the meagre cash available on below-the-line promotions. At first there were Pernod-sponsored arts events in the belief that artists are trend-setters and in the hope that they might set a trend for Pernod drinking. The field of operation was later enlarged to take in sporting events and advertising support was brought back—but in those journals covering the kind of arts and sports events that Pernod was helping to promote.

## Advertising

Sales have now boomed to the extent that a full-scale cinema advertising campaign has become worthwhile and in 1975 Parkinson and SEGMA Pernod's export company, will be spending £300,000, half on advertising, half on promotion.

For Pernod the next step is to use the techniques perfected in the U.K. to tackle the American market which so far



Pernod's promotions included the use of a 1933 Paris bus, seen passing Buckingham Palace

does not figure in the company's export league table at all. The drink has been satisfactorily tested in Florida and by 1976 the company will have around 20 agents promoting Pernod. It intends to build sales slowly and surely, as in Britain. The feeling is that not all young American drinkers are conservative and searching for literally tasteless liquors. And a small part of the enormous liquor market in the States would suit Pernod admirably.

For this is not just a small, family drinks business of the type so widespread in France. Pernod is already well on the way to becoming a major force in the European drinks industry. Before the U.K. became part of the Common Market, it could claim to be the biggest "hard liquor" group in the EEC.

Pernod has for some years been linked, via a major shareholding, with its previous arch rival Ricard, the only other French producer of pastis. Last October a full merger was arranged.

Besides pastis, Pernod makes or distributes aperitifs, liqueurs, port, cognac, arma-

nae, vodka, whisky, rum, clear on a number of occasions Viadon meat extract products that the idea behind the Pernod and a range of equipment for hotels and restaurants. It also holds a 28 per cent. stake in Cinzano-Dubonnet-Byrh, an aperitif group which also controls France's biggest wine distribution company, Société Vins de France.

## Brandy

Ricard had also been expanding—it was its need for outside funds to promote this expansion which allowed Pernod to snatch up its original 45 per cent. shareholding. Ricard has Bisquit brandy, and Establishments Vinicoles Champenois as well as a minority stake in Champagne Lanson among other interests. Between them, Pernod, Ricard, CDB and Vins de France had sales of French Frs.33bn. (roughly £300m.) in 1973.

The driving force behind this drinks combine is Jean Hémard, now 59 and a grandson of the founder of one of the four companies that grouped to form Pernod. Although he shuns personal publicity, Hémard has made it

within two years. One indication of this diversification is the way Pernod last June snapped up S. Campbell and Son, which owns the Aberlour Glenlivet distillery in Scotland, emphasising that a good acquisition is a good acquisition anywhere in Europe. In the U.K. there are also plans to re-launch Suze, a drink which has an even more definite flavour than has Pernod, in this case based on gentian rather than fennel. It sells 1m. cases in France, where it appeals to the 35- to 45-year-olds rather than to the 18s to 35s, who provide the main market for pastis.

Parkington, which is also the agent for Suze, admits it will be a hard struggle. But it is sure it can establish Suze with public sale in Britain.

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## BUSINESS PROBLEMS

BY OUR LEGAL STAFF

## An unprotected tenancy

I am concerned with a cottage let with about an acre of land at £10 per annum. The tenant was a service tenant of a previous owner. The rateable value is £78, was £27 in 1970 and £25 in 1963. Is the tenancy controlled or regulated under the Rent Acts?

As the rent was under two-thirds of the rateable value in March 1965, the tenancy does not fall within the protection of the Rent Act 1968. You can therefore terminate the tenancy by a proper notice to quit, and then recover possession (if need be) by action in the

County Court) without having to establish any of the grounds required by the Rent Acts.

## Two years for immigrants

If a foreign resident comes to reside in the U.K. owning foreign shares in which the premium has not been paid, is he entitled to 2 of the premium if he sells the shares?

In normal circumstances securities owned by immigrants to the U.K. at the time of re-designation as resident for exchange control purposes are subject to a two-year restriction period before becoming premium-worthy.

## Omission of AGM

A public company in which I am a shareholder, did not hold a meeting in 1973. Should two meetings be held this year, to make up for the omission?

There is no need for a company to hold an AGM in every calendar year. Provided there is not an interval of more than 15 months between meetings, the statutory requirements are fulfilled. In any case there is no need to hold a number of meetings to make up for a series of omitted meetings—one meeting is sufficient.

## Compulsory purchase and Blight Notice

In September, 1973, our company received statutory notice that the Corporation were going to apply for a Compulsory Purchase Order to acquire some of its land for housing purposes. Fearful of the possible delay in completion of the deal the company served a Blight Notice on the Corporation in November, 1973, and this was officially "accepted" in February of this year.

Can you tell us (i) whether in deciding on the rate of compensation (development value), the District Valuer takes the value at the date on which the first information was made (September, 1973), the date the Blight Notice was served, the date the Blight Notice was accepted, or the date of completion, whenever this is likely to be; (ii) whether, in view of the timing, the eventual gain in value will be taxed as a normal capital gain, or as a development gain in the context of the 1974 Act, and in any case whether Roll-Over Relief can be claimed; and (iii) whether there is a time limit after acceptance of the Blight Notice that the Corporation can be forced to complete?

(i) The date of actual entry by the Corporation (which in this case is likely to be that of completion) or the date of agreement

on the purchase price (whichever is the earlier) is the date at which the value must be determined.

(ii) If "notice to treat" was served (or by virtue of any enactment was deemed to have been served) before December 18, 1973, the disposal to the Corporation will be outside the scope of the tax on development gains in the Finance Act 1974. In that event only the capital gains tax legislation will apply. Roll-over relief for the purposes of the tax on development gains is somewhat restricted but broadly the effect is to allow traders to roll-over tax at 30 per cent. on the whole of their gains if they reinvest the proceeds in new business assets (but not if reinvested in bare land).

(iii) The contract can be enforced by notice to complete and by an action for specific performance (using the summary procedure under Order 88 of the Rules of the Supreme Court) if need be.

## Compulsory purchase order

My solicitors are finalising the sale of some property to the local council (not under a compulsory purchase order) as to which I was told that the District Valuer had recommended four months ago a price of £5, for which I had asked, to the council. Completion is on May 12. Have I a case for applying for interest, due to this delay?

As the purchase is not being effected under compulsory purchase powers the matter of interest is governed by the same principles as in any other contract for sale by private treaty. You cannot insist on interest being payable from a date earlier than the contractual date for completion (12 March 1975) unless your contract expressly so stipulates—that is unless the Council agrees to accept a greater burden than is usual.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

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The Areas for Expansion

ISSUED BY THE DEPARTMENT OF INDUSTRY



Computer dating with a view to a partner swap

The same thing again

THE LATEST survey of industrial trends to be conducted (just after the Budget) by the Confederation of British Industry is, as might have been expected, exceedingly gloomy. Orders are falling, spare capacity and unemployment are rising and forecast to rise further, and lack of demand is now by far the most important constraint on output. The trend of export orders, too, has weakened again and relative prices have now become the main factor working against increased sales abroad. It is hardly surprising that general confidence is low, that new investment is likely to fall heavily, and that the CBI in its summary, pointing out that below-capacity working is already as widespread as at the trough of recent business cycles, suggests that "on present trends, the recession will be deep."

Against such a dark background, the few faint points of light picked up by the survey stand out more brightly than they would under other circumstances. The last survey, which was taken in January, was in fact so gloomy that some slight improvement seems since to have taken place. Businessmen are slightly less pessimistic now than they were then about the general outlook; the balance forecasting a drop in new orders has dropped a little, investment intentions are marginally more buoyant, there are faint signs of a slowdown in the growth of prices and export orders are above the worst.

**Slight changes**

This does not mean that there has been any basic change of direction but that the situation may perhaps be deteriorating rather more slowly than seemed to be the case four months ago. The point should be made that slight changes in the balance of replies to any particular question are of doubtful value at a time when inflation is proceeding as rapidly as it is at present and when even short-term differences between value and volume become significant. In the specific case of expected changes in output over the immediate future, firms were asked to answer in terms of constant as well as current prices; and what had seemed to be a rise on the one reckoning turned out to be a fall on the other.

If there has been any change

THE betrothal of Honeywell's main European computer subsidiary with CII, France's problem child, has done more than just throw one of the world's fastest-growing industries into turmoil. It has also dealt a severe blow at the industrial ideology of both traditional Gauls and the "American Challenge" school of pro-Europeans. On computers, as on nuclear reactors and aircraft engines, France has chosen a close U.S. relationship in preference to the all-European approach which has been seen as the answer to American dominance in high-technology products.

After two years of relative stability in the structure of the European computer industry, the formation of the new Franco-U.S. company will mean that a mass of potential relationships will again have to be explored; the regular flow of inter-company discussions will again produce a flood of rumour and speculation.

Effectively defunct

The main objects of uncertainty are Philips and Siemens, whose much-vaunted all-European "Unitdata" link with CII is now effectively defunct after less than two years of life. However reluctantly, Britain's International Computers could in the end be forced into a link with Siemens and Philips by shifting continental alliances. To judge from recent remarks in London by its head, Sperry Rand may put forward new proposals involving its Univas subsidiary. Much will depend on governmental attitudes, including the British but especially the German.

France is already claiming the Honeywell deal as a major victory: 11 years after Machines Bull was taken over by U.S. General Electric, France's most important computer company—now called Honeywell-Bull, but still known to many Frenchmen simply as "Bull"—is reverting to majority national ownership. CII becomes the first European computer company to gain guaranteed and extensive access to the prime U.S. market. The most hardened Gaulist may be persuaded by this argument, even if CII will become a vestige of its former self by shedding its only major factory (Toulouse) and by being gradually integrated into the Honeywell-Bull product line—which is identical with Honeywell's worldwide range.

(The Toulouse plant is expected to be put into a separate company, controlled by Thomson-Brandt and the French Government, which will

THE TWO COMPANIES IN BRIEF

|              | HONEYWELL-BULL   | CII   |
|--------------|--|---|
| CREATION     | October 1, 1970  | December 6, 1966  |
| SHAREHOLDERS | Honeywell Information Systems (66%), Compagnie des Machines Bull (34%) | Finifor* (59.6%), Institut de Développement Industriel (23.8%), Schneider (14.6%), Kali Sainte-Thérèse (2.0%) |
| EMPLOYEES    | 15,700 (10,500 in France)  | 5,800   |
| PLANTS       | Angers, Belfort (France), Heppenheim (West Germany)                    | Toulouse  |

\* Finifor owned by Thomson-CSF (52%) and CGE (48%)

Under the merger plan about 5,000 of CII's employees will be transferred to the new company, which will have a total labour force of about 20,000 and an annual turnover of nearly £300m. CII's Toulouse plant is not included in the new arrangements, but is expected to be hired off into a new company controlled by Thomson-Brandt and the French Government. Honeywell Information Systems will hold 47 per cent. of the new company, with the remaining 53 per cent. shared between CCE (17 per cent. of the balance), the French Government (17 per cent.) and the existing French shareholders in Machines-Bull (66 per cent.).

EUROPEAN COMPUTER INSTALLATIONS

MARKET SHARES (%)

| Company        | By value | By number |
|----------------|----------|-----------|
| Honeywell-Bull | 12.0     | 13.4      |
| IBM            | 51.8     | 36.2      |
| Unidata        | 8.7      | 7.4       |
| Univac         | 5.5      | 3.6       |
| ICL            | 5.7      | 3.4       |
| Control Data   | 2.0      | 0.5       |
| Burroughs      | 2.4      | 2.8       |
| Others         | 11.5     | 32.6      |

The survey on which these figures are based was carried out for Honeywell-Bull, earlier this year. The effect of the merger between CII and Honeywell-Bull is to increase the "Honeywell" share of the European market to about 14 per cent. (by value) and to reduce Unidata's share to about 6.7 per cent.

Particularly attractive

The financial advantages to the French are particularly attractive. CII has only about 8 per cent. of the French market, according to the authoritative EDP Europa, and less than 2 per cent. of the European total. Yet it was trying to design, develop and manufacture a wide range of computers, all based on IBM architecture but several years behind the U.S. company's products. The attempt was costly: M. Giscard d'Estaing's Government is currently funding a loss-making CII to the tune of about \$100m. a year, and the bill has been rising rapidly. This was one of the main factors behind the campaign of one of its main shareholders, Compagnie Generale d'Electricite (CGE), to establish a Honeywell alliance. The combined Honey-

well-CII market share in France will be about 26 per cent., and about 14 per cent. in Europe, well above the "critical mass" of 10 per cent. normally needed to maintain the necessary development effort without making a loss.

To the extent that France has regained the European computer initiative from Germany and the Netherlands, the deal is certainly a victory for Paris. But Honeywell stands to gain at least in equal measure. Most important, CII, the company with preferential access to the Government-influenced market in France (as was recently re-affirmed), is being brought within its product orbit. The new deal will give Honeywell the status to which it has always aspired in France (as well as the U.K.), that of a truly "local supplier." And its financial strains, which have forced it to retrench in some overseas markets, will be eased by the French payment of about \$50m. for 19 per cent. of Honeywell's existing 66 per cent. stake in Honeywell-Bull. The Government will provide financial support for the next

four years, but after 1978 the company will be expected to stand on its own feet.

The availability of development funding from the French Government will be at least partly offset by the fact that CII has still to be made profitable, and by a reduction in the flow of funds from Honeywell-Bull to the parent company in software.

Minneapolis following its smaller claim on the overall dividend (as well as the probable negative short-term effect of the merger on the normally buoyant earnings of Honeywell-Bull).

Flexible tactics

In spite of these drawbacks, the agreement may prove eventually to have been a triumph for flexible American tactics. It is a sign of the times that as large a company as Honeywell has been prepared to accept a minority stake in a major overseas subsidiary for the first time.

But Honeywell has to cross a number of hazardous bridges before such a judgment can be passed. Cross-frontier deals are prone to failure, as the Unidata experiment itself has shown, and the U.S. company will have to cope with some problems similar to those which faced Siemens and Philips with CII.

Unidata's difficulties were highly complex, but can be traced to four major factors: all three partners were in the red in computers, and they were all too small, none having more than 4 per cent. of the European market. National pride and bias was disturbed by the fact that the German share was more than twice as large as the French. This spilled over into the mass of allegations of the last few months, especially the French complaints that Siemens first refused to sell CII products and then brought AEG-Telefunken's interest in large computers, which conflicted with its Unidata obligations. Had they been as forthright as the French, the Germans would have retorted that CII's products were either outdated (in the case of the Iris designs) or unavailable (the new Unidata 7740).

Unparalleled experience

This will be an extremely difficult task. Sensitive and complicated even when all the products involved are IBM-compatible, the process will be aggravated in this case by the fact that Honeywell's Series 60 is incompatible with both IBM and CII (and, for that matter, with Siemens). Honeywell can claim unparalleled experience of integrating computer ranges, having continued to sell as many as five after its takeover of the data processing interests of U.S. General Electric, which included the former Bull and Olivetti operations. But the five-year process has been tougher than expected, as Honeywell's President admitted last Christmas when Wall Street rumours about the group's financial situation forced him to deny any intention of pulling out of the computer industry.

Running battle

Finally, the French role in Unidata was soured by the running battle between CII's major non-Government shareholders, CGE and Thomson-Brandt, who have been at war for more than 18 months over Thomson's intention of breaking into the lucra-

Cut at a stroke

The new Franco-U.S. enterprise represents a unique combination of the U.S. and European drives to counter IBM influence on the world computer market. It was made possible by a combination of European differences, American flexibility, and apparent lack of concern by the French that 90 per cent. of Europe's computer installations are based on U.S. technology, with over 1 per cent. of them supplied by U.S.-owned companies. The second proportion, but not the first, will be cut at a stroke by the reduced U.S. stake in Honeywell-Bull. Apart from the reasons of the German, Dutch or British Governments, as well as Siemens, Philips, ICL, or Univac, one of the unanswerable questions is whether the Corporation will now revive attempts to hasten a new European grouping.

Even more intriguing will be whether France's policy of forging close U.S. links and the cloak of national ownership will be extended to sectors as aircraft manufacture, which have always been considered the very heart of its national interests and prestige.

The cost of cheap export credit

THE BREAKDOWN of the Americans intended to return. Brussels talks on export credit arrangements comes after nearly a year in which the European Common Market countries, the U.S. and Japan have been trying to put limits to the widespread practice of subsidising export credit out of the public purse. Last autumn the first step in this direction was taken, when the three parties agreed to impose a minimum 7½ per cent. interest rate on credits between industrial countries if the credits have a life of five years or more.

**Framework**

Since the autumn the international negotiators had concentrated on widening the preliminary stage into a fuller "gentlemen's agreement." It is clear that to achieve this certain fundamental aspects of credit would have to be covered. Minimum interest rates, maximum lengths of credit and terms for down-payments would have to be settled for sales to rich and poor countries as well as those falling in between. In addition, there would have to be a framework within which countries would be free to exceed these limits in the case of very large contracts. Finally, certain aspects of national schemes not common to all the participants would have to come under some control. The two most important of these are the practice of combining export credit with development aid at much "softer" rates in the form of subsidised credits, and the arrangements for providing insurance to exporters against escalation in the price of their contracts.

The encouraging aspect of the discussions in Brussels this week is that, despite their disappointing conclusion, by the alternative could be an unending of the day a proposition limited credit war from which had been tabled that included none of the industrial countries all these elements except cost could benefit, the efforts to reach escalation (to which the agreement must continue.

MEN AND MATTERS

The Meriden outsiders

At the other end of Coventry, Chrysler workers may be striking for an £8 interim rise on their £54.75 average a week, but the Meriden co-operative motorcycle makers seem happy enough sticking at their universal £50—and happy enough to pay a fair bit more to the only two outside management people taken on full-time.

Both the managing director, David Jones, who has moved over from Jensen Motors, and the finance director, Miss Brenda Price, will be paid the "normal rate in orthodox industry," says Dennis Johnson, the co-operative's chairman.

The co-operative does not, apparently, think this dilutes the co-operative principle. "We always recognised that there were some specialist skills that we would have to bring in from outside," adds Johnson. And the two newcomers are not, in fact, co-operative members: they effectively become employees of the workforce.

The skills which they are looking for in Jones, are those of a co-ordinator. Most of the "managers" at Meriden, looking after engineering, manufacturing and so on, have been bred within, but they had no one with sufficient experience to bring these together, says Johnson. Jones stood out from the many interviewed as "accepting the co-operative and acceptable to the co-operative."

Now 60, Jones is the son of a Radnorshire joiner. He started work with Vickers Armstrong near London, moving as a supervisor to Manchester when the company set up an armaments factory there during the war. After spells with Mather and Platt and Vickers, he went to Simon Engineering in Stockport and stayed 23 years.

He joined Jensen some two-and-a-half years ago after it was

acquired by Kjell Qvale, the American millionaire. "I was fascinated with Mr. Qvale," reports Jones. He was proud that as with the very different Simon business, he watched over the doubling of production at Jensen as manufacturing director.

Things have changed drastically, of course, for the car industry. In Jensen's case, production of its high-quality cars is down from perhaps 150 a week to nearer 35, and Jones is the second senior executive to leave in ten days, following deputy managing director Dick Graves. He is "fascinated by the Meriden concept for Britain's industrial future, he feels, 'We must make that one go.'"

Miss Price's roots are firmly in Meriden. She joined the old Triumph Engineering Company 20 years ago, and became chief accountant and later company secretary at Birmingham, before being moved to Meriden two years ago by the new Norton Villiers Triumph management.

Burton gone

The stock market was a little uneasy about the decision of the lad from Pont Rhyd y Fen, near Port Talbot. After all, Richard Burton had, according to the 1974 accounts, a bigger personal shareholding in HTV than anyone else on the Board, which he is now leaving because of "other commitments."

However, he had slimmed the holding down drastically from 342,171 non-voters—which are quoted in 1973—to 123,371 last year: fellow actor Stanley Baker ran him a close second with 114,951 shares.

Burton was one of the founder members of the then Harlech Television, which has been on the air since 1968. Part of the original understanding was that his talent would benefit Harlech at least annually, and apart from dramatic performances, that included co-

Champers and Court 24

It took Mr. Justice Whitford four hours, with a lunch break after two-and-a-half, to deliver in a quiet monotone his reserved judgement in the Champagne case yesterday. A small gaggle of champagne shippers was on hand in court 24 of the High Court to hear victory go to the French, with the judge deciding the word "champagne" could no longer be used to describe some types of elder or perry or any other type of sparkling drink

There's always someone worse off than you. Us.

Most families have had to make a few economies lately. Tighten their belts and cut out a few luxuries. Well, with thousands of children to care for, Barnardo's has been hit harder than most families. Unfortunately, we've no more belt to tighten. And we've never had any luxuries to cut out. All we have is children. They're children of all colours and creeds. For most of them—handicapped, deprived, orphaned or deserted—Barnardo's offers a better chance of a meaningful life. We come in when the State cannot cope.

We feed and clothe them in our homes, educate them in our schools and care for them in our Day Care centres. We find foster homes and arrange adoptions. And still they keep coming.

Ours is not a fashionable business and we certainly don't show a profit. In fact we depend entirely on charity to survive. Your charity, for instance.

Make out a donation right now, or ask us about a Deed of Covenant. Give us a hand running a local fund raising group, if you prefer.

When you help a Dr. Barnardo's child, you can always be sure you're helping someone worse off than you.

**We can't give unless you do.**

**Barnardo's**  
Britain's largest child care charity

I enclose a donation of £1 ☐ £2 ☐ £5 ☐ £10 ☐ £20 ☐ £

I would like to know more about Barnardo's. ☐

I would like to know how I can help Barnardo's. ☐ (tick box)

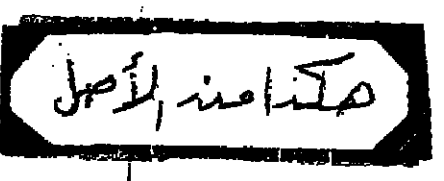
(Make cheques payable to Dr. Barnardo's)

NAME

(Please print clearly)

ADDRESS

Post to: Dr. Barnardo's, WC165  
Barkingside, Ilford, Essex IG6 1QG.





# The sovereignty case at the EEC Court

ALTHOUGH the roots of sovereignty lie in power and politics, its finer dimensions lie in the relationship of different legal systems and of the courts administering them. In assessing the true relationship between European Community law and national legal systems, the view taken by national courts and the practice followed by governments of member States are probably of greater practical weight than the opinions of Community lawyers.

The English courts have drawn from the European Communities Act 1972 the conclusion that, to use the words of Mr. Justice Grahame, "relevant Common Law-law should be applied in this country and should, where there is conflict, override English law." Section 2(4) of that Act provided moreover that this should apply not only to the English law as it stands but to any future enactment to be passed by Parliament. Does this mean the end of Parliament's sovereignty in the strictly legal sense?

An argument still in progress between the EEC and the German courts and government throws much light on this question, which has not figured as prominently as it might in the debate on the EEC referendum. Of all EEC member states, Germany has given the greatest support to Community law and rights guaranteed to German citizens was in fact infringed by the German government. The Federal Constitutional Court in Karlsruhe concerning the question of supremacy, and therefore also of sovereignty, is the effect of EEC regulations could thus be particularly important.

Terminating a long-drawn-out cross-talk between German administrative courts and the European Court judges in Luxembourg, the second senate of the Constitutional Court came down, by a majority of 5



The Judges of the European Court at the opening ceremony of the new court building in Luxembourg.

to 3, against the idea of absolute supremacy of the Community law. This decision caused the European Commission to protest that the Community legal system was in danger, but its letter, published just before Christmas 1974, never received much notice. A reply has now been drafted by the government in Bonn and is known to be conciliatory. Bonn is basically in sympathy with the Commission, but has no authority to overrule the Constitutional Court, save perhaps by a constitutional amendment.

The court's decision was given in the case of Internationale Handelsgesellschaft, a German grain merchant, who complained that its fundamental, constitutionally guaranteed rights had been violated by an EEC regulation.

At the end of the day there was unanimity in the courts that none of the fundamental rights guaranteed to German citizens was in fact infringed in this case. However, before the Federal Constitutional Court in this conclusion was reached the question of supremacy, and therefore also of sovereignty, is the effect of EEC regulations could thus be particularly important.

The German Constitutional

Court in Karlsruhe had already defined the special relationship of national and European law. The European Communities was not a State, it ruled, and particularly not a federal State, but rather a Community of its own type which was in the process of progressive integration. As such it must be considered an "arrangement (Einrichtung) created by States." From this it followed that the two legal systems exist side by side but independently of each other.

## Duality

The organs of the Community are responsible for Community law, the court's argument continues, but the interpretation and application of German Constitutional law is a matter for German courts only. This duality of legal systems causes no problem as long as there is no conflict between the constitutional rules of States. One could also say, its fundamental principles of justice and Community law. If such a conflict develops it is the duty of the supreme courts interpreting the two legal systems to strive for harmonisation. When this does succeed, however, it is futile to speak simply of the "precedence" of European law over constitutional law of a member State: this would in fact threaten the

existence of the Community. "A link between the member States and the Community created by the Treaties," said the Constitutional Court, "is not a one-sided one. It follows from the spirit of the Treaties that the Community, too, is obliged to do everything to remove a conflict between the two systems of law."

The Constitutional Court did not claim that it could pronounce on the validity or otherwise of EEC legislation, but insisted that it is its prerogative to stop the application of such EEC rules as it finds to be in conflict with the fundamental rights of German citizens or the German constitution. But it fully accepted that this responsibility would come to an end as soon as the integration of the Community reached a point where it had its own catalogue of human rights, adopted by a Community Parliament and not inferior to its guarantees to the German Fundamental Law.

In anticipation of the Karlsruhe judgment—and perhaps in an attempt to strengthen the position of those German judges who opposed it—the European Court, when deciding the case of *Nold v. Commission*, said that "fundamental rights form an integral part of the general principles of law and the Court is bound to draw inspiration from constitutional traditions common to the member States and cannot therefore uphold

measures which are incompatible with fundamental rights recognised and protected by the constitutions of those States." This pronouncement has somewhat narrowed the gap between the European Court and the German Constitutional Court but has not removed it altogether, because a conflict still exists as to who should determine in individual cases what the fundamental rights are and whether they were infringed.

It has been pointed out that the U.K. is at a disadvantage compared with Germany because it has no written constitution and no catalogue of human rights. It might indeed be easier for an English court to resist unfair measures if it could rely on the authority of such constitutional charters, but it is not likely to be deterred by purely formal reasons from protecting fundamental principles of justice and essential requirements of statehood.

Other member states are faced with similar problems and looking round the Community one soon discovers that acceptance of the supremacy of Community law over national law is far from uniform, and that there is a considerable divergence between theory and practice.

All the smaller member States have constitutional rules providing for the supremacy of Community law over national law, although Belgian law seems somewhat uncertain on this

point. But the bigger members manifest a much greater reluctance. Thus the Italian Constitutional Court decided in favour of the supremacy of EEC law, but Italian legal and governmental practice is very slow in implementing this principle. The French Constitution of 1958 provided that international treaties, if implemented by the other party—note the requirement of reciprocity, which appeared also in the *Handelsgesellschaft* decision of German Constitutional Court—shall prevail over statutes, but for a French judge to declare French legislation void because it was overruled in Brussels or in Luxembourg is contrary to traditions developed after the French Revolution and these die hard. There are relatively few references from French courts to Luxembourg and French government departments often live in a state of blissful ignorance about such matters as EEC rules of competition.

In this way the Court has greatly expanded the Commission's power in the field of anti-trust, has provided it with a basis for the application of competition rules to transport, and more recently in a series of judgments has ruled that those commercial freedoms which member States should have enacted by the end of the transitional period can be claimed as their right by EEC citizens.

There is little doubt that the European Court emulates the example of the Supreme Court of the U.S. It is not a "technical" court like the English High Court, but a great political tribunal. The problem is that unlike the decisions of the House of Lords which can be overruled by new legislation, and unlike the decision of the U.S. Supreme Court which can be overruled in the same way or by a constitutional amendment, the decisions of the European Court are subject to

## Relationship

The relationship between national constitutions and Community law would be much less of a problem if the Community law consisted only of rules agreed between the member States, either in the form of treaties or of regulations agreed by the Council of

no democratic controls. These can be evolved only by a long process of political integration, and until this has taken place, the duality between Community and national legal systems and the emphasis on national constitutional law will continue to be of practical importance.

There are, however, other changes which could be effected more quickly. The role which the European Court has assumed in furthering integration of the Community could be recognised by providing it with a more suitable structure. An institution of such importance should be provided with the means to go much more thoroughly into the economic and political problems involved in its decisions, not to mention the need for much deeper study of relevant national legislation.

The great political function of the Court is hampered by the odd mixture of cases with which it deals. The complaints of the employees of the Community concerning promotion and salaries could very well be settled before a single judge, and without appeal. On the other hand, matters concerning the future of the Community should not be settled finally by one court alone. A two-stage procedure could be evolved by creating specialised courts for agriculture, for disputes, for matters concerning trade, employment and services, from which there could be appeal to the full bench of the European Court.

Such views have been advanced before, but they are becoming more urgent with the greater importance of the Court in the life of the Community. Because of the seriousness with which legal matters are taken in British business life, this importance will be further enhanced if Britain finally decides to remain in the Community.

## Letters to the Editor

### Representations to Ryder

From the President, the Motor Agents Association.

Sir,—Following Mr. George Wansborough's letter (May 12) concerning British Leyland, this association representing the retail motor industry took steps to make a full submission to the Ryder Committee, emphasising the major role of the retail network in any changes in the organisation of British Leyland. We have, following the Ryder Report, in which the Chapter (10) concerning the distribution side was suppressed for "commercial security" had assurances both from the Secretary of State for Industry and Sir Don Ryder that the massive and vital interests of distributors and dealers of British Leyland have not been overlooked and that their multi-million pound investment in people, stocks, equipment and buildings will be safeguarded.

We are looking forward now to meaningful consultations to benefit not only the industry but more importantly our customers. Lionel P. Altman, The Motor Agents Association, 201, Great Portland Street, W.1.

### Manifold motor management

From Sir William Swallow.

Sir,—Observer's comment in *Man and Machine* (May 7) that it may be a comfort to the taxpayer "that no fewer than six of the eight British Leyland executive directors come from the accounting backgrounds" implies that this is the secret of success. A managing director must ensure that a balanced and effective contribution is made by personnel, design, purchasing, manufacturing, sales and finance departments. Accordingly, over-emphasis on the importance of any one of these will make success difficult to achieve—especially in the car industry. William Swallow, Alderton Lodge, Ashridge Park, Berkhamstead, Herts.

### Left-Right, wrong

From Mr. M. Lipton.

Sir,—Many economists of the Left read your newspaper. We do so in part because your leaders and features, even when we differ, have usually been logical, stimulating and serious. Conversations with friends convince me that you are about to lose this audience, which you may wish to influence. The reason is that you seem to be increasingly accepting the unspoken assumptions of the business lunch Right. This is bad enough in your editorials (with your hysterical denunciations of Mr. Wedgwood Benn's policies—but of undefined personality traits), but more serious when it leads your regular contributors into stentorian policy-making. Samuel Brittan is the finest analytic mind in economic journalism today. I am shattered that he should write a piece like that of May 8. He has argued for years that control of the money supply, and of public borrowing, is necessary (and sufficient?) to limit inflation. Whether he is a whole-bog Friedmanite—believing that steady growth of the money supply at (say) 4 per cent yearly—means steady real growth of GNP at that rate, is

### with price stability— isn't clear. Nor is it clear what such a belief implies (a) in an open economy where extra money supply can be easily raised demand for imports as for home products, (b) where the speed at which money changes hands (and thus its inflationary impact) depends on the wage militancy of Mr. Wedgwood and the price militancy of Mr. May.

But it is monetarism, partial or whole-bog, that Mr. Brittan has subtly and persuasively advocated for years. Why is it now useless, "Socialist monetarism"? Apparently because public spending is not cut, but financed by higher taxes. Why is public spending more inflationary than private spending? In place of an answer Mr. Brittan offers assorted interesting remarks about incentives, fiscal drag, and the importance of the composition of Budget aggregates.

In reality, Mr. Healey realised that money supply had to be cut below the 25 per cent annual expansion permitted by Massera, Heath and Barber for three years; he is now realising that more, not less, state intervention (probably via incomes policy) is needed as well as monetary control. Both that fact, and taxation (and much public spending) itself, are distasteful to some members of the Right. Not long ago, this last issue wouldn't have mattered a damn to Mr. Brittan or your journal; and that was why their economic logic used to be interesting even to those who disagreed with the premises.

At least Mr. Brittan is always serious. But what can one say of an "education correspondent" who produces such frivolous and intellectual claptrap as Mr. Dixon's piece (May 10)? The university teachers' claim, on his own figures, would give them bare parity—six months in arrears—with polytechnic lecturers. Yet university teachers, because they teach post-graduates and do almost no below-degree level teaching, usually require longer (badly-paid) training and are, with great respect to the polytechnics, clearly on average more highly qualified, since almost all do research as well as teaching. Their sense of grievance, plus their international mobility, will irreversibly harm many university departments, notably in economics and applied sciences, unless a quick settlement is reached.

In my own small circle of university acquaintances I know a professor, promoted from a readership since 1972, whose real income is now 25 per cent lower than then; and a young lecturer, with a doctorate, unable to afford the journals that are the tools of his trade and outearned by his wife who teaches at primary school. To dismiss this crisis—shared by everyone who knows anything about the universities—merely as "total insanity" remarks about "pay-comparability" (how else can public sector employees encompass the sense of justice and their employment?) and with totally un-researched business-lunch-Right remarks that "most" people in higher education and the civil service are overpaid, is disgraceful. Mr. Dixon may be qualified to write about school fees; but not, while he and you accept the platitudes of a small and stupid minority of businessmen, on the topic of education.

The "practical" businessmen of the unthinking Right—bating the taxes, having most public spend-

### state of the nation. Please do not let them stop your support.

Michael Lipton, 15, Edon Place, Kemp Town, Brighton, Sussex.

### Lecturers' pay

From Mr. A. Turner. Sir,—Michael Dixon's flippant and supercilious article (May 10) on the current salary grievance of university lecturers cannot be allowed to pass without comment. The lecturers' basic complaint is that their living standards this year in the name of a social contract which seems to apply to precious few other public employees.

This is apparently a source of some amusement to your education correspondent. It is not so amusing for the lecturers concerned or for their families. Perhaps Mr. Dixon would be more sympathetic if he too were earning between £40 and £50 a week, as many lecturers are, and if he too were being restricted to a salary increase of 7 per cent, at a time when inflation is running at well over 20 per cent per annum. Michael Dixon appears to be flabbergasted at the aversion of the lecturers in raising their demands in the course of negotiations with the HE 102. But the original claim of 18 per cent was meant to be operative from October 1974, while the present one is intended to take effect from October 1975. Are the lecturers being so unreasonable. Surely, Mr. Dixon will expect a higher salary next year than he receives this year.

A. Turner, University of Dundee, Dundee.

### Wages threshold control

From The Managing Director, P.D. (Technical Mouldings).

Sir,—It is now generally acknowledged that our mounting inflation problems are caused by excessive spending relative to production and that the way to cure them is to control the total wages bill. There are two current alternative ways of achieving this, the social contract or an incomes policy. It has now been proved that neither of these works, and I should like to propose an alternative which I believe overcomes the problems of the other two.

When an incomes policy has been tried in the past it has failed because the control has been specific, and has offended a minority or groups of minorities—viz the miners. My suggestion is for a more general control—a "wages threshold control." This would be operated as a threshold income tax rate and would apply universally when overall wage levels exceeded certain predetermined points.

The advantages would be: an infinitely variable control over aggregate wage levels. Various levels of tax tables could be issued in advance so that a new threshold rate could be invoked with minimal delay. Individual groups would retain the freedom to negotiate their own wage demands within the total structure, and special cases could still be recognised. A general threshold would achieve the same effect as an incomes policy without the serious political disadvantages. It would allow the Chancellor to deflate the economy and thus minimise the unemployment level, whilst

### GENERAL

Provisional U.K. trade figures for April.

TUC economic committee meets. CBI gives oral evidence to House of Commons Select Committee on Health Tax.

Vice-Premier of Chinese People's Republic and its Foreign Minister continue official visit to France.

Liberian Foreign Minister continues official visit to Britain. Council of Greek and Turkish Cypriots meet to discuss possibility of setting up joint central government, Nicosia.

London Electronic Component Show, Olympia. Society of Civil Servants conference continues, Margate.

Amalgamated Union of Engineering Workers (foundry section) conference continues, Bournemouth.

### PARLIAMENTARY BUSINESS

House of Commons: Housing Finance (Special Provisions) Bill, remaining stages.

House of Lords: Debates on abuses of Cruelty to Animals Act, 1876, the serious problems facing the theatre and cinema, and the advertising and promotion of cigarette sales.

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## To-day's Events

COMPANY RESULTS

Dupont (full year).

Readicut International (full year).

British Leyland Motor Corporation (half-year).

General Accident Fire and Life Assurance Corporation (first quarter).

Royal Insurance (first quarter).

COMPANY MEETINGS

FTI, Carlton Hall, S.W. 12.

Clerical, Medical and General, 15, St. James's Square, S.W. 230.

Clifford (Charles) Industries, Birmingham, 12.30.

Wilmot-Breeden, Birmingham, 12.

Dorada, Waldorf Hotel, Aldwych, W.C. 12.

Economic Insurance, 19, Leadenhall Street, E.C. 12.

Friends Provident Life Offices, Dorking, 2.30.

Gopeng Consolidated, Winchester House, E.C. 2.30.

Low and Bonner, Dundee, 12.

Patenting Rubber Estates, 1, Great Tower Street, E.C. 12.

Pittard, Yeovil, 12.

Rockware, Great Eastern Hotel, E.C. 3.

Royal Insurance, Liverpool, 12.

Spirax-Sarco Engineering, Cheltenham, 8.

Wilmot-Breeden, Birmingham, 12.

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# COMPANY NEWS + COMMENT

## Costain profits up £1m. at £10.66m.

ON A TURNOVER up from £150m. to £183m., group pre-tax profit of Richard Costain, public works contractors, increased from £9.63m. to £10.66m. in 1974, after £4.19m., against £4.1m., for the first half.

Stated earnings per 25p share advanced from 20p to 21p, and the dividend is raised from 3.58p to a maximum permitted 3.89p net with a final of 2.14p.

Turnover 1974 183,000,000  
General trading profit 11,477,000  
Preston net income 1,250,000  
Property sales 113,000  
Total trading profit 13,840,000  
Interest payable 2,135,000  
Profit before tax 11,705,000  
Taxation 4,500,000  
Minority 1,971,000  
Extraordinary debts 4,400,000  
Balance 1,400,000  
Preference dividends 57,000  
Ordinary 1,343,000  
Reserves 3,770,000

\* Turnover and profit includes the share of associates, including adjustments to both value of net assets due to currency revaluation of £25,000 (together with other sundry items which amount to a net profit of £10,000). Credits.

### comment

Costain is a tenth ahead pre-tax. In the U.K. the heavy contracting losses are down but so are profits on housing, and once again it has been left to the group's overseas operations to keep profits pointing in the right direction. Both the Nigerian and Australian operations are publicly quoted, and growth performances here are old news. Canada has moved well and orders from the Middle East are positively piling in (they amount to 26 per cent. of the total book at present). Group orders total some £375m.—or 27 per cent. more than at the end of 1973—two-thirds of which have arisen overseas. Thus Costain is showing some useful volume gains, given that much of its inflation is at rates far lower than those current in the U.K. Finally, the balance sheet debt ratios have not deteriorated over the past year. All this explains a yield of 3.2 per cent. at 188p, over extends to more than four times.

## Sphere Trust pays 2.04p

INCLUDING importation credit, income of Sphere Trust, a subsidiary of the year to March 31, 1975, compared with £1,394,274 for the previous year.

Net revenue came out at £719,007, against £743,910, after tax of £405,681 (£412,970). Stated earnings per 25p share were down from 2.36p to 2.29p. A final dividend of 1.10p net (1.00p) lifts the total from 1.88p to 2.04p.

Net asset value per share is shown at 89.4p against 86.2p. Net asset value is after deducting prior charges at par and includes the full investment currency premium of 17.3p (8.1p).

### INDEX TO COMPANY HIGHLIGHTS

| Company             | Page | Col. | Company            | Page | Col. |
|---------------------|------|------|--------------------|------|------|
| British Syphon      | 18   | 4    | More O'Ferrall     | 22   | 8    |
| Butler (Guy)        | 21   | 8    | Nairn Williamson   | 21   | 3    |
| Carr's Milling      | 22   | 6    | Nurdin & Peacock   | 18   | 7    |
| Continental Union   | 21   | 3    | Owen Owen          | 22   | 7    |
| Copysdex            | 18   | 5    | Panto (P.)         | 22   | 7    |
| Costain (Richard)   | 18   | 1    | Phoenix Assurance  | 20   | 1    |
| Ellis & Goldstein   | 20   | 3    | Plaxtons           | 21   | 6    |
| First Nat. Finance  | 21   | 1    | Ranks Hovis        | 21   | 1    |
| Foster (John)       | 18   | 2    | Royal Sovereign    | 18   | 6    |
| Frost & Reed        | 22   | 7    | Sanderson Kayser   | 18   | 4    |
| Globe Investment    | 20   | 2    | Sphere Investment  | 18   | 1    |
| Hawker Marris       | 20   | 3    | Stern Osmat        | 18   | 5    |
| Higgs & Hill        | 22   | 8    | Unilever           | 21   | 4    |
| Investment Venture  | 18   | 7    | United Biscuits    | 20   | 4    |
| Laing (John)        | 22   | 6    | Usher-Walker       | 18   | 3    |
| London Scot. Amrcn. | 21   | 3    | Wight Construction | 20   | 3    |
| McLeod Russel       | 18   | 8    | Williams (John)    | 18   | 5    |
| Metals Closures     | 20   | 3    | Wood (Edward)      | 20   | 4    |

In a sale, values would be reduced by 3.5p (2p) loss of currency premium and 3.5p (1.5p) capital gains tax liability.

## J. Foster drops to £0.49m.

TAXABLE PROFITS for the year to February 28 1975 of spinners and weavers, John Foster and Son were £493,372 compared with £1.2m. for the previous 14 months. At midway they were down from £505,426 to £247,007.

Earnings are shown to have fallen from 9.3p to 3.6p per 25p share. The final dividend is 2.0312p making 2.5887p net, against 3.4573p for the previous period.

| Year              | 1974-75    | 1973-74    |
|-------------------|------------|------------|
| Turnover          | 11,915,629 | 11,909,367 |
| Trading profit    | 475,892    | 1,327,008  |
| Share associate   | 14,710     | —          |
| Profit before tax | 490,602    | 1,327,008  |
| U.K. tax          | 290,000    | 484,549    |
| Associate tax     | 12,578     | —          |
| Overseas tax      | 12,578     | —          |
| Net profit        | 175,512    | 842,459    |
| Minority loss     | 41,987     | 72,174     |
| Leasing           | 21,444     | 54,997     |
| Prof. dividend    | 5,133      | 9,133      |
| Interim Ordinary  | 48,229     | 57,794     |
| Proposed final    | 116,949    | 148,635    |
| Revised           | 42,111     | 339,683    |

\* After £202,626 (£244,518) depreciation and crediting £18,222 (£2,294) surplus on disposals of which £68,276 relates to disposal of Cumbeck undertakings, and after deducting £23,204 closing down expenses of Cumbeck and setting up new spinning unit at Quensbury and £23,992 exchange losses (£20,353 exchange profits).

The directors say that the trading profit of U.K. operations was satisfactory. On the other hand the Australian trading subsidiary John Foster Valley, made a loss of £176,204 in the second half after profits of £71,272 in the first. Worldwide orders are currently difficult to obtain and this situation, coupled with acute pressure on margins, makes it inevitable that group profit for 1975/76 will be reduced. However, there is "reasonable expectation" that conditions in the latter part of 1975/76 will improve leading to a return to normal profitability in 1976/77.

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## Sanderson Kayser tops forecast

STEEL and tool manufacturers Sanderson Kayser announce taxable profit up from £870,101 to a record £918,555 in 1974. Turnover was up from £7,066m. to £9,446m.

| Year              | 1974      | 1973      |
|-------------------|-----------|-----------|
| Turnover          | 9,446,203 | 7,066,196 |
| Profit before tax | 918,555   | 870,101   |
| Taxation          | 354,917   | 288,533   |
| Net profit        | 563,638   | 581,568   |
| Dividends         | 228,953   | 261,256   |
| Extraordinary     | 33,951    | 115,178   |
| Taxation prior    | 9,246     | 12,322    |
| Forward           | 2,100,334 | 1,991,447 |

\* Credit.

Freedom to raise prices under EEC regulations accounts for some of Sanderson Kayser's margin improvement last year, and price increases late in the year also helped to reverse gloomy expectations at the half. The second-half profits actually improved on the January-June outcome. The point, however, could get tougher in the current year, and the group has had to put up with both order cancellations and postponed deliveries. Higher working capital requirements may also have eaten into last year's opening liquid balances of £0.8m. At 41p, the yield is 14.3 per cent.

## Expansion at Usher-Walker

MANUFACTURERS of printing inks and rollers, Usher-Walker, reports that pre-tax profit rose £150,720 to £477,222 for all 1974, after an increase from £167,000 to £230,000 at half-way. Turnover advanced £1m. to £3.78m.

Earnings per 10p share are shown at 9.97p against 8.64p and the dividend total is stepped up from 2.2475p to 2.444p with a final payment of 1.264p net. After tax of £261,503 (£267,456).

## Decline at Stern Osmat

FROM SALES for 1974 of £17.63m. to £16.15m., the privately owned hardware merchants Stern Osmat Group shows a decline from £634,000 to £585,000.

Earnings per 10p share are given at 2.2p compared with 0.8p and the dividend is 3.3p per cent. gross (£3.22 net per cent.). Net profit has fallen from £232,000 to £274,000. The directors say that while trading conditions are not easy, they are optimistic for the future of the group.

| Year              | 1974      | 1973      |
|-------------------|-----------|-----------|
| Turnover          | 9,446,203 | 7,066,196 |
| Profit before tax | 918,555   | 870,101   |
| Taxation          | 354,917   | 288,533   |
| Net profit        | 563,638   | 581,568   |
| Dividends         | 228,953   | 261,256   |
| Extraordinary     | 33,951    | 115,178   |
| Taxation prior    | 9,246     | 12,322    |
| Forward           | 2,100,334 | 1,991,447 |

\* Credit.

Freedom to raise prices under EEC regulations accounts for some of Sanderson Kayser's margin improvement last year, and price increases late in the year also helped to reverse gloomy expectations at the half. The second-half profits actually improved on the January-June outcome. The point, however, could get tougher in the current year, and the group has had to put up with both order cancellations and postponed deliveries. Higher working capital requirements may also have eaten into last year's opening liquid balances of £0.8m. At 41p, the yield is 14.3 per cent.

## £49,761 fall at Copydex

TAXABLE PROFIT of manufacturers and suppliers of adhesives and household products, Copydex fell £49,761 to £230,344 for all 1974. At half way the decline was from £173,058 to £140,036.

The dividend per 10p share is lifted from 1.848p to 1.949p with a final payment of 1.449p net. After tax of £176,632 against £205,972 the net balance emerges £20,421 lower at £143,712.

## 32% midway advance by J. Williams

WITH pre-tax profits of John Williams of Cardiff up by 32 per cent. from £246,000 to £325,000 in the six months to March 31, 1975, chairman Mr. H. F. Williams says he is confident the company will continue to produce "healthy" results.

| Year                  | 1975      | 1974      |
|-----------------------|-----------|-----------|
| Turnover              | 8,621,000 | 6,790,000 |
| Pre-tax profit        | 325,000   | 246,000   |
| Taxation              | 129,000   | 127,920   |
| Net profit            | 196,000   | 118,080   |
| Preference dividends  | 196,250   | 117,750   |
| Attributable ordinary | 33,750    | 22,182    |
| Interim dividend      | —         | —         |

The interim dividend is up from 1.848p to 1.949p.

## INTERIM STATEMENT

PLAXTONS (SCARBOROUGH) LIMITED  
INTERIM REPORT  
Unaudited results for the six months ended 28th February, 1975:

|                        | Six months to 28 Feb. 1975 | Six months to 28 Feb. 1974 | Year to 31 August 1974 |
|------------------------|----------------------------|----------------------------|------------------------|
| Profit before taxation | £900                       | £900                       | £900                   |
| Deduct taxation        | 140                        | 248                        | 834                    |
|                        | 760                        | 652                        | 616                    |
|                        | 73                         | 129                        | 442                    |
|                        | 687                        | 523                        | 174                    |

Coach production was severely restricted by lack of chassis which resulted in three-day working for the majority of the first half-year and necessitated a redundancy of 10% of the labour force. Profitability of the Coach Division was consequently badly affected in this period. The Coach Repair/Spares Division, however, has been doing well and yielded improved profits. The Vehicle Fittings Division has been affected in the first half-year by the chassis shortage throughout the whole body building industry. It has, nevertheless, produced profits in advance of the same period last year.

The Coach Division now has an adequate supply of chassis and a healthy order book. It has also secured the largest share of the National Bus Company coach order for 1975/76, together with a number of other substantial contracts and several orders from overseas. In addition it is expecting to benefit from the introduction of a new model range for next season, the high introductory costs for which are also affecting current profitability.

With the other divisions continuing to show an improvement and with the Coach Division's normal highly seasonal business, it is anticipated that the second half-year will produce satisfactory results.

In view of this, the Board has decided to maintain the Interim Dividend of 2.575p per share net. Dividend warrants will be posted on May 30th, 1975.

### DIVIDENDS ANNOUNCED

| Company   | Current payment | Date of payment | Corresponding div. | Total for year | Total last year |
|---|-----------------|-----------------|--------------------|----------------|-----------------|
| Aberdeen Investments                                  | 0.2             | July 1          | 0.95               | 1.05           | 1.03            |
| Ash Spinning  | 2.32            | July 2          | 2.14               | 3.02           | 3.33            |
| British Syphon  | 0.72            | July 2          | 0.67               | 1.17           | 1.07            |
| Carr's Milling  | 0.73            | July 1          | 0.67               | 1.17           | 1.07            |
| Copysdex  | 1.45            | —               | 1.25               | 1.85           | 1.65            |
| Richard Costain                                       | 2.14            | July 11         | 1.94               | 3.89           | 3.39            |
| First National Finance                                | Nil             | —               | 0.88               | 1.05           | 1.03            |
| John Foster & Son                                     | 2.03            | July 9          | 2.58               | 2.87           | 3.46(c)         |
| Frost & Reed  | 3.23            | —               | 3.06               | 3.59           | 3.26            |
| Globe Investment                                      | 1.75            | June 30         | 1.43               | 2.7            | 2.4             |
| Investors Capital Trst. Int. Messias (Transvaal) Int. | 0.5             | June 13         | 0.5                | —              | —               |
| More O'Ferrall  | 15(d)           | July 3          | 28                 | —              | —               |
| MTD (Mangula) Int.                                    | 7(d)            | July 3          | 1.67               | 2.2            | 2.55            |
| Nurdin & Peacock                                      | 1.2             | July 1          | 1.26               | 1.26           | 1.26            |
| Plaxtons (Scarburgh) Int.                             | 2.57            | May 31          | 2.57               | —              | —               |
| Ranks Hovis   | 1.08            | July 21         | 1.09               | —              | —               |
| Royal Sovereign                                       | 1.11            | —               | 1.02               | —              | —               |
| Sanderson Kayser                                      | 2.36            | July 7          | 2.2                | 2.2            | 2.02            |
| Sphere Trust  | 1.1             | June 20         | 1.01               | 2.04           | 1.89            |
| Staveley Industries Int.                              | 3(a)            | July 1          | 2                  | —              | —               |
| Tebbit Group  | Nil             | —               | 0.67               | Nil            | 0.67            |
| United Calverts Trust                                 | 0.43            | —               | 0.59               | 0.8            | 1.11            |
| Usher-Walker  | 1.59            | July 1          | 1.51               | 2.44           | 2.52            |
| Wight Construction                                    | 1.73            | July 2          | 1.53               | 1.73           | 1.73            |

Dividends shown pence per share net except where otherwise stated. \* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. (a) To reduce minority Treasury permission. (c) For 14 months. (d) Cents throughout.

ing liquidity and Mr. Anderson is confident that these policies, together with the fact that the heavy investment programme is now behind, and that new products are coming on to the market, will enable British Syphon to emerge in a position to continue a steady increase in profitability.

## Peak £0.68 at Royal Sovereign

APRIL AN increase from £253,548 to £354,976 at half way, pre-tax profit of Royal Sovereign Group has expanded from an adjusted £381,401 to a record £586,518 for all 1974.

A final payment of 1.11p net raises the total dividend from 2.02p to a maximum permitted 2.2p per 25p share.

| Year           | 1974      | 1973      |
|----------------|-----------|-----------|
| Turnover       | 9,446,203 | 7,066,196 |
| Pre-tax profit | 918,555   | 870,101   |
| Taxation       | 354,917   | 288,533   |
| Net profit     | 563,638   | 581,568   |
| Dividends      | 228,953   | 261,256   |
| Extraordinary  | 33,951    | 115,178   |
| Taxation prior | 9,246     | 12,322    |
| Forward        | 2,100,334 | 1,991,447 |

\* Credit.

Good volume growth at Nurdin and Peacock, leading to an acceleration in sales growth in the second half of the year, has offset the effects of margin pressure to some extent. So despite a slight fall in margins from 2.11 per cent. to 2.02 per cent., pre-tax profits are just over a quarter ahead (on an annualised basis) after an 88 per cent. gain at the half-way stage. Own-brands have an important role to play in the group's low-price/high-volume policy; at the same time, the extension of facilities for frozen foods and delicatessen products is meeting approval from the catering trade, which accounts for about two-fifths of its total business and is a growing force in cash-and-carry. The fact that no new branches have been added this year has strengthened the group's balance sheet, but the merits of the shares have already been recognised in a near-doubling of the price from its low of 79p, where the yield is 3.8 per cent.

## Tripartite instrument venture

By David Fishlock, Science Editor  
METALS RESEARCH, the Cambridge science-based company, has proposed a tripartite instrument venture involving Sefacite and Medical Instruments, also of

## Nurdin & Peacock record £2m.

THE FORECAST of increased profit of cash and carry whole-sale Nurdin and Peacock for the 53 weeks to January 5, 1975, turns out to be a record £2,078,000 pre-tax, compared with £1,996,000 for the previous 52 weeks, after £528,435, against £338,925 at half-way.

And chairman Mr. J. A. Peacock reports that sales and the first four months of the current year are showing an increase in excess of 40 per cent. and these sales should benefit from increasing registrations from the retail and catering trade.

While the directors are confident of further expansion in sales, and the Company is well placed to handle such expansion, trading may be affected by Government policy and the general economic situation and for this reason they feel it unwise to make a more definite forecast.

As announced on January 16 sales for 1974/5, net of VAT, totalled a best-ever £102,350, an increase of about 36 per cent. over the previous period's £75,600.

Earnings per 10p share for the 53-week period are shown to be 3.27p, against 2.87p for the first five months of the year, but 1.63p with a final of 1.02p, the maximum permitted.

Mr. Peacock says that while new branches are scheduled at present, the directors intend to continue the policy of expansion when any suitable opportunity arises.

In 1974 the company concentrated on bringing existing branches up to modern standards in order to realise their full potential—the consolidation policy has proved "extremely successful" resulting in a "greatly improved" ratio of current assets to liabilities against a background of liquidity problems throughout the country.

## Upsurge at McLeod Russel

AN ESTIMATE of profits for the year to March 31, 1975, shows a sharp increase in the pre-tax figure of £2.49m. compared with £1.13m. last year.

Earnings per £1 share are given as 34.44p against 19.22p and directors expect to pay the interim dividend for the year, under current legislation won be 9.235p gross compared with 8.20896p.

Notwithstanding variations from particular districts, there was an overall increase in the yield amounting to approximately 85,000 lbs. or 5.7 per cent.

| Year                  | 1974-75   | 1973-74   |
|-----------------------|-----------|-----------|
| Profit before tax     | 2,490,000 | 1,130,000 |
| Taxation              | 2,435,000 | 1,080,000 |
| Minority              | 1,000     | —         |
| Preference dividends  | 3         | —         |
| Attributable ordinary | 756       | —         |

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Portfolio 11 Capital Offer 109.5

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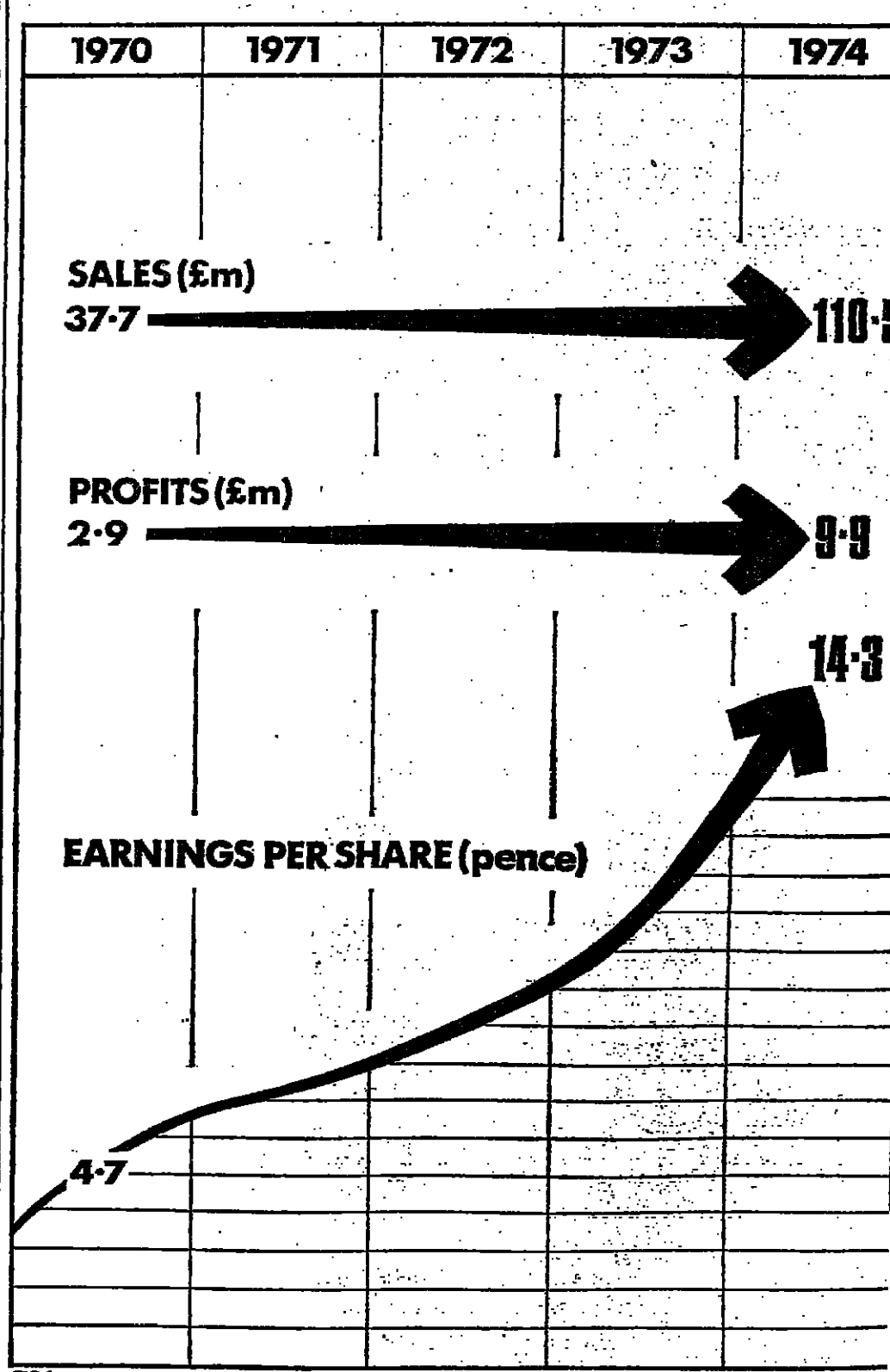
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**On parade.** Not all Tate & Lyle's vehicles wear Tate & Lyle livery. One division provides and maintains fleets for third parties in their own livery on a contract basis. Silver Roadways operates a clearing and brokerage service using vehicles of other road hauliers as well as its own. In addition Tate & Lyle offers a complete haulier service providing and maintaining commercial vehicles. United Molasses is a major carrier of liquids in bulk - in the UK and the US. Apart from delivering molasses in its specialist road tankers, the company also handles alcohols, industrial solvents, fats, vegetable and animal oils.



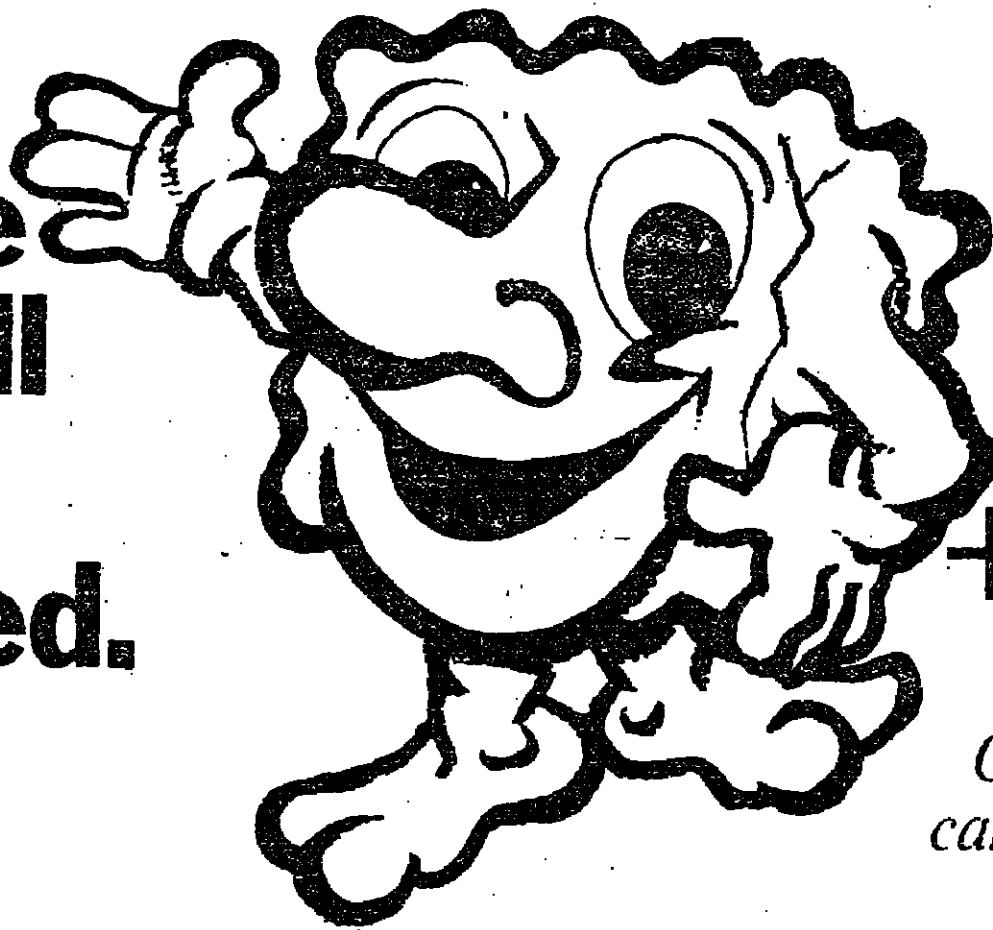
**From open air cabs to air conditioning.** Tate & Lyle's experience of road transport goes back to the earliest days of the commercial motor vehicle. The company still preserves this 1913 McCurdy. Today the company operates nearly 1000 vehicles, together with a national network of warehouses.



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**A close look at these photographs may tell you things about me that you never guessed.**

For further information about Tate & Lyle, contact Tony Kemp, Tate & Lyle Limited, 21 Mincing Lane, London EC3. Tel: 01-626 6525.



**TATE & LYLE**

*Out of sweetness came forth strength*



## COMPANY NEWS

## Phoenix chairman on investment policy

A STRONG reputation of the Phoenix chairman on investment policy. The Phoenix chairman, Mr. J. A. Peacock, has given his full support to the initiative of the Governor of the Bank of England to assist industry by making additional funds available through the Finance for Industry organisation.

The chairman refers to performance of the group in the various territories. The poor result in the U.K. on the home account was attributable to the inflationary pressure on claims, since increases in premiums tended to lag behind the property sector, however, was profitable, despite the increased national level of fire wastage.

Natural disasters in Australia were the main cause of the underwriting loss there of some £2m while in the U.S. the cumulative effects of climatic upheavals, inflation and inadequate rating levels, combined to produce an underwriting loss of £1.5m, the worst of some considerable time.

Chairman's Statement Page 21

## Globe earns and pays more

IN THE YEAR ended March 31, 1975, gross revenue of Globe Investment Trust, an Electra House company, advanced from £5.07m to £5.57m, and earnings after tax increased by 8.5 per cent, from £2.82m to £3.07m.

Basic earnings per 25p share are shown to be up from 2.99p to 3.25p and fully diluted from 2.99p to 3.23p. The dividend is lifted from 2.4p to 2.7p net with a final of 1.75p.

|                    |           |           |
|--------------------|-----------|-----------|
| Gross revenue      | 5,568,220 | 5,070,397 |
| Earnings after tax | 3,065,402 | 2,823,612 |
| Tax deducted       | 1,644,338 | 1,366,198 |
| Net revenue        | 1,421,064 | 1,457,414 |
| Interim dividend   | 888,214   | 888,214   |
| Proposed final     | 1,651,194 | 1,365,697 |

## Prospects at Ellis &amp; Goldstein

The maintenance of traditional quality, keen pricing, expansion overseas, development of the strength of ranges, and the maintenance of full employment of manufacturing capacity will combine to stand Ellis & Goldstein (Holdings) in good stead, says the chairman, Mr. D. Cannon.

He warns, however, that generally, future trading conditions are likely to be difficult, but these are circumstances in which, in the past, the company has been able to make progress, he points out.

As reported on April 25, pre-tax profit for the year ended January 31, 1975 was £2.44m, and turnover £26.55m, as against the previous 15-month period the figures were £3.11m, and £26.55m. Dividend total is 1.43p per 5p share (1.04p for 15 months).

Mr. Cannon reports that the value and volume of exports in 1974-75 increased by 86 per cent; retail sales abroad are almost double and shops in Switzerland and Australia bring the overseas total to 25.

The group's balance-sheet is "strong" with cash at £1.2m, and the increased value of stocks and debtors is less than the 25 per cent increase in sales might lead to expect, he adds.

The company makes, distributes and retails ladies underwear.

Chairman's Statement Page 25

**Downturn at Metal Closures**

PROFITS OF Metal Closures Group are currently running marginally lower than last year and in the present climate, and without any radical alteration in the economy, it is difficult to forecast any immediate improvement.

Robert J. Mansel, chairman, in his annual statement, the company "is ready to take advantage of any beneficial changes."

Demand for products, excepting those at the moment below capacity and there are no positive indications regarding the future position. To the best of his knowledge, no business has been lost, the company, he says, is suffering from the backlash of the economic storm, he adds.

As reported on April 10 pre-tax profit for 1974 increased from £3.99m to £4.83m, and the dividend is up from 12.5p to 13.5p. As anticipated in the interim statement, while business continued buoyant until almost the end of the year, Government legislation did not permit increased output at the moment in the ultimate selling price.

The company ended the year with a "satisfactory" cash liquidity position. A statement of source and application of funds shows a net decrease in liquid funds of £333,000 in 1974, compared with a £332,000 increase in 1973.

Meeting, Inn on the Park, W. on June 11 at 12.15 p.m.

Chairman's Statement Page 22

**Good prospect for Wight in short term**

For the immediate future, chairman Mr. J. Mansel is satisfied that Wight Construction Holdings is well equipped to combat the foreseeable difficulties, and he sees "no reason" why the current year's output should be less favourable than that of 1974-75.

However, in the economic circumstances he is "extremely difficult" to plan for the long term with "any degree of meaningful confidence."

As reported on April 25, pre-tax profit increased from £36,906 to £44,538 in the year to January 31, 1975. The dividend is lifted from 5p to 5.25p net.

Meeting, Edinburgh on June 4 at 11 a.m.

Chairman's Statement page 23

**Hawker Marris off target**

The annual meeting of Hawker Marris, tableware manufacturers, was told that the current order book remained very satisfactory, but output had fallen behind production schedules, due to commissioning troubles with new plant.

This would mean that the first half year's budget would not be achieved, but the chairman said he was more than hopeful that by the end of the year the backlog would have been recovered.

## ISSUE NEWS AND COMMENT

## United Biscuits raising £14m.

United Biscuits (Holdings) announces that underwriting has been completed in connection with a rights issue to raise £14m.

The issue is of 19,289,229 Ordinary 25p shares on the basis of one for every four held on May 2, at 75p share.

The chairman, Mr. Hector Laine, has stated that the issue of increased working capital requirements, the group would have to limit capital expenditure. However, while the group can sustain a short period of low investment, the Board feels it is necessary to raise further funds to restore future capital expenditure.

The group has made an "excellent" start to the current year, with profits and sales showing substantial improvements. However, the directors feel it would be unwise in the current economic climate to give any profit forecast for 1975.

In the absence of unforeseen circumstances they intend a dividend of 2.5p per share in respect of 1975, which represents an increase of 25 per cent. over 1974's level.

An EGM has been convened for May 19 to consider the proposed increase in the authorised capital from £22.5m to £36.5m.

Underwriters to the issue are Morgan Grenfell and Co., and H. G. Brown and Wood and Mackenzie and Co.

See Lex

## Linford £1.78m.

Linford Holdings says arrangements are in progress to raise approximately £1.78m by means of a 1-for-4 rights issue at 125p per share.

The purpose is to enable the group to undertake a capital programme including new supermarkets and discount stores. In the immediate future the proceeds will also be used to reduce short term debt.

Directors estimate that profits before tax for the period ended April 30, 1975 were approximately £2.2m. This estimate incorporates the results of Associated Food Holdings for the year, Upward and Riggall's for the year, and a provision for the year ended April 30, 1975.

On the basis of the profit estimate, directors intend a special interim dividend in lieu of a final of not less than 5p per share (7.88230p gross). Together with the special interim already paid to shareholders of AFH and Riggall's this represents an annual gross rate of 10.76823p per share.

The new shares will not rank for the above dividend.

A valuation of some of the group's principal freehold and long leasehold properties has been completed, and the results show a surplus of £894,000 over book values.

Guinness Peat Group, which holds 45.1 per cent of the shares, has undertaken to subscribe for the new shares in full.

**SPIRAX-SARCO ENGINEERING**

Spirax-Sarco Engineering announces that acceptances have been received in respect of approximately 95.3 per cent of the 2,073,750 Ordinary shares of 25p each offered to the Ordinary shareholders at 77p per share, by way of rights on the basis of one for every four shares held.

New Ordinary shares not taken up have been sold by J. Henry Schroder Wagg and Co. at a premium. Net proceeds will be £1,035,000, less expenses of £1,035,000, leaving £1,035,000.

Yorkshire Chemicals announces that £2,995,124 (93.44 per cent) of the £3,205,000 12.5p per share Convertible Unsecured Loan Stock 1987-92 offered to ordinary shareholders by way of rights was taken up. The remaining £209,876 has been allotted to the 335 shareholders who applied for shares.

Expansion at Richards and Wallington in recent years, has taken borrowings increasingly out of line with the group's equity base. Against a net cash flow of £4.7m, the group has therefore been forced to raise £1.78m working capital requirements to £1.78m.

**SHORT-TERM LOCAL LOANS**

The coupon rate on this week's batch of local authority one year bonds has increased from last week's level of 12.1 per cent to 12.3 per cent, both at 12.1 per cent.

The bonds are due May 19, 1976.

United Biscuits (Holdings) announces that underwriting has been completed in connection with a rights issue to raise £14m.

The issue is of 19,289,229 Ordinary 25p shares on the basis of one for every four held on May 2, at 75p share.

The chairman, Mr. Hector Laine, has stated that the issue of increased working capital requirements, the group would have to limit capital expenditure. However, while the group can sustain a short period of low investment, the Board feels it is necessary to raise further funds to restore future capital expenditure.

The group has made an "excellent" start to the current year, with profits and sales showing substantial improvements. However, the directors feel it would be unwise in the current economic climate to give any profit forecast for 1975.

In the absence of unforeseen circumstances they intend a dividend of 2.5p per share in respect of 1975, which represents an increase of 25 per cent. over 1974's level.

An EGM has been convened for May 19 to consider the proposed increase in the authorised capital from £22.5m to £36.5m.

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Directors estimate that profits before tax for the period ended April 30, 1975 were approximately £2.2m. This estimate incorporates the results of Associated Food Holdings for the year, Upward and Riggall's for the year, and a provision for the year ended April 30, 1975.

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The bonds are due May 19, 1976.

## MINING NEWS

## Cornish tin industry blows hot and cold

BY LESLIE PARKER, MINING EDITOR

THE ANNUAL report from the Cornish Chamber of Mines is a mixture of optimism and pessimism. The latter feeling springs from the inflationary pressure which is hitting everyone else. Last year electric power costs rose by 20 per cent and rates by 70 per cent, but the greatest burden was the wage bill in a labour intensive industry in which this particular element is reckoned to account for some 60 per cent of production costs. In 1974 electricity wages increases are reckoned to have averaged 30 per cent.

At the same time actual production is regarded as disappointing in a year when tin prices have been falling to 3,121 tonnes of tin in concentrate from 1973's 3,573 tonnes, a decline which is attributed to poorer grades of ore being treated, rather than to a drop in total tonnage mined. Output nevertheless represents 19 per cent of U.K. consumption.

## New producer

The Cornish optimism arises from the fact that the county has been given a green light for going towards a 1976 start-up date, namely the previously reported Mt. Wellington mine on the other side of the valley from the Cornwall mine. The mine, which is owned by the Cornwall Tin and Mining Corporation has a 4.9 per cent interest with the other 51 per cent held by Switzerland's Anglo-Swiss Corporation.

Staveley was clearly in need of further finance with bank borrowings up by £3.5m to £5m since the last report. The company's borrowings of about £12m against shareholders' funds of £15.8m. The problem was that with the shares just above the nominal value, a rights issue was not a realistic proposition, although the company would have favoured this method of raising the money.

The question of course, is whether the £2.2m of new capitalisation is sufficient, although it is as much as 26 per cent of the market capitalisation before the issue.

## Richards and Wallington

Expiry date of the one-for-five issue of Ordinary shares of 10p, at 47p each, by Richards and Wallington Industries, is June 4 (3 p.m.). The offer is to holders registered April 21 and is subject to the usual conditions of full acceptance. Dealings commence to-day.

Giving the reasons for the issue, which will raise approximately £1.78m, the company's chairman, Mr. W. R. Richards, says historically, asset purchases have, to a large extent, been financed by internally generated cash flow and the company has no intention of raising further funds for the future. The directors consider that to facilitate further growth and development, both at home and abroad, it is now appropriate to increase the capital base by way of a rights issue.

In the U.K., it is intended to exploit the strong market position already built up with the North Sea oil and petrochemical industries in addition to providing the traditional services to the group of customers.

Furthermore, plans are at an advanced stage to commence a crane assembly operation on a joint venture with the U.S. Equipment of the U.S. which has an immediately available worldwide distribution organisation.

Operations in the Far East have commenced satisfactorily and the local management team has established strong trading links with customers and suppliers.

Mr. Richards reports that the current year has started satisfactorily and, although too early to make a forecast, he expects to maintain the rate of dividend recommended in respect of 1974.

**CLARKE AND CO. electrical** heat and ventilation contractors—Results for 1974 reported April 25. Revenue before tax £1,115,557. Gross profit £215,557. Net profit £115,557. Dividend £115,557. Share price 10p.

**BROWN THOMAS GROUP**—Results for 1974 reported April 25. Revenue before tax £1,115,557. Gross profit £215,557. Net profit £115,557. Dividend £115,557. Share price 10p.

**EAST SUEX ENGINEERING GROUP**—Results for 1974 reported April 25. Revenue before tax £1,115,557. Gross profit £215,557. Net profit £115,557. Dividend £115,557. Share price 10p.

**TRAVELER**—Results for 1974 reported April 25. Revenue before tax £1,115,557. Gross profit £215,557. Net profit £115,557. Dividend £115,557. Share price 10p.

**THE YOUNG COMPANIES INVESTMENT TRUST**—Final L/S net making 2.5p. Revenue before tax £1,115,557. Gross profit £215,557. Net profit £115,557. Dividend £115,557. Share price 10p.

per cent to £R1.66m, from £R1.56m. In the same period of last year, our Salisbury correspondent reports that the whole year to last June was £4.57 including an extraordinary item equal to £2.10 a share.

This has resulted in the interim dividend being cut from 17 to 7 cents. Production was higher at 9,535 tons against 9,540 tons but sales were down from 9,411 to 7,267 tons so there was a further rise in the stock position from 5,744 to 9,188 tons. In London yesterday Mangula rose 10p to 34p. In 1974 Messing's interim is reduced from 28p to 15 cents. Messing's rose 5p to 37p.

## AUSTRALIAN MIX-UP

Yet again the Australian Government has got itself involved in a mix-up over its mining policies. The latest one concerns the future of the 433m (124.7m) beach sand mineral project by the Mangalore-Marjulya partnership on Fraser Island, off southern Queensland. Contract deliveries are scheduled for June 1. But a fierce controversy has been aroused between the environmentists, represented by Minister Dr. Case and Mr. Connor, Minister for Minerals and Energy.

Mr. Connor has given approval for the project, but the environmentists have ordered a public environmental hearing to open next month. So the issue of export permits is being deferred while Dr. Case and Mr. Connor try to sort the matter out.

The Government could be seriously embarrassed if the hard-line environmentalists succeed in blocking the project. The DM partnership will be able to honour its contracts. The international effects could also be serious since Australia supplies about 95 per cent of the world's rutile and 55 per cent of sircon, our Canberra correspondent reports.

## AZCON AHEAD IN 1974-75

The American steel-distributing company Azcon, which is 85 per cent owned by Consolidated Gold Fields, announces net income of \$3.96m for the third-quarter of the financial year to March 31, 1975, down compared with the \$4.43m for the same period of 1974-75 but the nine-month total of \$16.59m is well ahead of the \$11.66m at this time last year ago.

It is stated that the third-quarter income from continuing operations was adversely affected by economic conditions that severely reduced steel demand, whereas in the same three months of 1974 demand was high. Net

## RECENT ISSUES

| Issue | Price | Div. | Yield | Notes |
|-------|-------|------|-------|-------|
| 100   | 100   | 100  | 100   | 100   |
| 100   | 100   | 100  | 100   | 100   |
| 100   | 100   | 100  | 100   | 100   |
| 100   | 100   | 100  | 100   | 100   |

## FIXED INTEREST STOCKS

| Issue | Price | Div. | Yield | Notes |
|-------|-------|------|-------|-------|
| 100   | 100   | 100  | 100   | 100   |
| 100   | 100   | 100  | 100   | 100   |
| 100   | 100   | 100  | 100   | 100   |
| 100   | 100   | 100  | 100   | 100   |

## "RIGHTS" OFFERS

| Issue | Price | Div. | Yield | Notes |
|-------|-------|------|-------|-------|
| 100   | 100   | 100  | 100   | 100   |
| 100   | 100   | 100  | 100   | 100   |
| 100   | 100   | 100  | 100   | 100   |
| 100   | 100   | 100  | 100   | 100   |

Recommendation data usually last day for dealing free of stamp duty. A Price is public. B Figures based on prospectus estimate. C Dividend rate paid on full capital, based on prospectus estimate. D Dividend rate paid on full capital, based on prospectus estimate. E Dividend rate paid on full capital, based on prospectus estimate. F Dividend rate paid on full capital, based on prospectus estimate. G Dividend rate paid on full capital, based on prospectus estimate. H Dividend rate paid on full capital, based on prospectus estimate. I Dividend rate paid on full capital, based on prospectus estimate. J Dividend rate paid on full capital, based on prospectus estimate. K Dividend rate paid on full capital, based on prospectus estimate. L Dividend rate paid on full capital, based on prospectus estimate. M Dividend rate paid on full capital, based on prospectus estimate. N Dividend rate paid on full capital, based on prospectus estimate. 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FW Dividend rate paid on full capital, based on prospectus estimate. FX Dividend rate paid on full capital, based on prospectus estimate. FY Dividend rate paid on full capital, based on prospectus estimate. FZ Dividend rate paid on full capital, based on prospectus estimate. GA Dividend rate paid on full capital, based on prospectus estimate. GB Dividend rate paid on full capital, based on prospectus estimate. GC Dividend rate paid on full capital, based on prospectus estimate. GD Dividend rate paid









# Richards & Wallington Industries Limited

The following is an abbreviated adaptation, by W. R. Richards A.I.O.B., Chairman of his circulated statement.

|  | 1974         | 1973         |
|--|--------------|--------------|
| Group Turnover                               | £'000 27,689 | £'000 19,854 |
| Trading Profit                               | 2,941        | 2,355        |
| Profit After Tax                             | 1,436        | 1,254        |
| Basic earnings per share                     | 12.26p       | 12.25p       |
| Ordinary Dividends paid and proposed (gross) | 3.72p        | 3.37p        |

The year has seen further considerable progress within the Group, and you will see from the accounts that profits before tax are yet again at record levels, having risen from £2,355,000 to £2,941,000, an increase of 25%.

These results must be regarded as an excellent achievement, bearing in mind the inflationary pressures and economic burdens that industry is having to face. Our company has ridden the storms with heftening success and is continuing to do so.

A final dividend of 2.26p per share is recommended, which is the maximum permitted by the Companies Act 1947. This will make a total payment of 3.72p per share for the year, and compares with an equivalent dividend of 3.37p per share last year.

Taxation benefits from capital expenditure will again result in only nominal Corporation Tax being payable on profits for the period, but a transfer to taxation equalisation reserve of an appropriate sum has been made.

A number of developments in the United Kingdom have taken place and these are reported upon below.

Acquisition was also made late in the year of a small company, E. & D. Engineering (Erdington) Ltd., which manufactures plastics reclamation equipment at its premises in Birmingham. More than half its output is exported, and we have great hopes for the company's profitable expansion.

In the main, however, the Group's expansion in the period has been overseas, and these exciting developments are detailed below.

For the purposes of this advertisement, I shall be reporting only on the largest or newest subsidiaries, or those where developments have taken place.

## British Crane Hire Corporation Ltd.

The company, which is the Group's largest subsidiary, has made considerable additions to its fleet, in particular in the area of the larger capacity mobile and crawler cranes.

This expenditure is as a result of the increasing demand for these larger machines on major industrial projects, and in particular those associated with North Sea oil and gas exploration and exploitation.

In the broader sphere, demand has been high, and the company's fleet has been well utilised. It is still by far the largest single crane hire company in the country, and has maintained its grip on its very substantial share of the market. Very satisfactory returns have been made.

## Caledonia Crane & Plant Hire Ltd.

This company in Scotland has made truly remarkable progress since its commencement in late 1972. It has expanded considerably, having added many of the larger types of telescopic jib cranes.

In the order of one half of its fleet is normally engaged on projects directly or indirectly related to North Sea oil and gas.

Performance has therefore been of a very high order.

## Smith's Enterprises (Glamorgan) Ltd.

## Cambrian Crane & Plant Hire Ltd.

These two companies in South Wales are now operated by the same senior management. Smith's has been a wholly owned subsidiary since June 1973, and Cambrian became so when final payments were made in January of this year to Constructors John Brown Limited, under option arrangements entered into and announced in 1972 when our company acquired 49% of Cambrian.

Agreement was reached with British Steel Corporation at the end of the year under review, to sell to B.S.C. the materials handling and plant hire business carried out by Smith's, under contract, at the B.S.C. plant in Wales.

Valuable capital has thus been released for re-investment purposes. Smith's has produced most excellent results despite the inevitable effect of national and local problems, and we can expect considerable benefits from the integration of Cambrian with Smith's which is now possible.

## Richards & Wallington (London) Ltd.

The names of Attwood, Chamberlain, and British Crane Hire Corporation—London Division, under which this complex operates, are retained for reasons of customer goodwill, but all depots interrelate at all levels.

This is one of our largest subsidiaries, covering in depth the London and Home Counties area mainly in the business of crane hire.

It has returned satisfactory results in the period.

## H. Sellers (Leeds) Ltd.

## C. R. Jones (Mobile Cranes) Ltd.

## Central Crane Hire Nottingham Ltd.

## Cambrian Crane & Plant (Tisbury) Ltd.

## Mequip Fork Lift Hire Ltd.

These companies are all commanded by the same major management. The fork lift hire subsidiary was commenced in January of the year under review, and its growth in a short period of time has been most remarkable. This activity was commenced as a test of the market, and customer response has been exceptional. New depots are constantly being opened as a result of necessary and rewarding expansion.

Even in this initial period, results have been outstanding, and there is no doubt that the growth potential, and commensurate returns are assured. The crane hire companies have also returned performances of a very high order.

## H. M. T. Engineering Ltd.

## Midland Compressed Air Power Ltd.

## Universal Cranes and Plant Hire Ltd.

These companies are controlled by the same senior management. M.C.A.P., a recent acquisition, is a small company, but its franchise for the sales of BroomWade stationary compressors in the Midlands area, has great potential for expansion. Its activities ideally complement those of H.M.T. Engineering Ltd., which holds the sales franchise for the Midlands Counties for the Holman & BroomWade marques of portable compressors and equipments and is also the accredited spares and service agents for CompAir products in the Midlands.

Returns from H.M.T. have been exceptionally good in the period under review, and M.C.A.P. is already returning good profits. The profitability of the crane hire activities of Universal have also been outstanding.

## Record Tower Cranes Ltd.

## Delta (Plant) Ltd.

## Record Mechanical Handling Ltd.

This sub-group of companies has continued to provide satisfactory returns, regardless of the effect of national circumstances on capital expenditure in the construction industries.

Mention must be made of the company's success in gaining such a prominent place for their products, the French-built Potain tower cranes which they sell and hire, in so much of the work associated with North Sea oil and gas.

The divisional company, Record Mechanical Handling Ltd., has found a ready market for the "Monsieur" range of lorry-loaders and grabs, also built in France, for which it holds the U.K. franchise. The product is extremely competitive and much success has been gained in breaking into an entrenched market.

## Lift-Rig International Ltd.

The acquisition of this former subsidiary of Cambrian Crane & Plant Hire Ltd. was completed during the year. Its specialises in heavy lifting and plant installation on major construction projects at home and abroad. The latter in particular provides most useful foreign earnings.

## R. K. Crisp (Haulage) Ltd.

This company provides long-distance and continental haulage for external customers. Satisfactory progress has been made in readiness for the rapid expansion taking place in the area of inter U.K.-continental transportation.

## Centrale Routière S.A.

## Franco Anglaise de Location

Centrale Routière S.A. is a subsidiary of R. K. Crisp, although it operates with indigenous French management, and good returns have been made. For technical reasons, the crane hire venture, Franco Anglaise de Location, is integrated with Centrale Routière. The management is again indigenous and semi-autonomous.

Considerable success is now being enjoyed in bringing the British tradition of crane hire to French customers. Both the haulage and the crane hire aspects in France have great potential.

## Richards & Wallington Far East Ltd.

## Richards & Wallington Asia Ltd.

The above companies are wholly owned Group subsidiaries with their Head Office in Kowloon, Hong Kong, and hold the Group's investments in the trading companies below, of which we have all or part of the equity, or an agreement for long term management in the case of P. T. Allbest in Indonesia.

## Asia Construction & Mining Machinery Private Ltd.

## Depotat Jurong (Singapore).

## Construction Equipment Malaysia SDN. BHD.

Depotat at Petaling Jaya near Kuala Lumpur, and Kuching, Sarawak (Malaysia).

## P. T. Allbest

## Depotat at Jakarta (Indonesia).

These companies represent our new distributorship interests in Singapore, Malaysia, and Indonesia, where we represent some of the world's leading manufacturers of construction, mining, and materials handling equipment. In Hong Kong, Richards & Wallington Far East operates the franchises. The establishment of our construction equipment distribution organisation in South East Asia is now advancing satisfactorily, and trading has commenced in all territories. Basic staffing, including the recruitment and training of local personnel, is nearing completion, and all of the offices and workshops established to date are now operational.

From commencement of trading, the sales results have been very encouraging. All indications to date emphasise the scope of this enormous market.

The plant hire company in Indonesia (First Indonesia Plant Hire, based at Jakarta), has begun extremely well and, by arrangement, we shall soon be subscribing for our portion of the equity. Our partners in this venture are Sime Darby and a local organisation.

Obviously, the setting up of our organisation in South East Asia has been a relatively lengthy operation, but our original decision to establish ourselves in this part of the world, I am sure, has proved to have been correct. Substantial benefits will be enjoyed in the years ahead, due to the enormous potential that this area of trading offers, by virtue of the oil, logging, mining, plantation development, and the tremendous internal growth of these countries.

## Current Trading & Future Prospects

In the period under review, in our original and basic business of crane and plant hire, we continued to make progress. New cranes have been added to the fleets, and a continuing policy of examination and re-structuring is being implemented to place our resources where they can reap the maximum return.

Our fleets have enjoyed very satisfactory utilisation during the period under review, and the current year shows this trend to be continuing. The considerable work available from activities connected directly or indirectly with North Sea oil and gas will take up any slack in our traditional markets brought about by the prevailing economic situation.

Our company has the basic strength not only to survive, but to succeed, through the severest crises, and we are primed and ready for the inevitable resurgence of demand.

The success of our fork lift hire subsidiary proves that there is room for expansion for profitability on the home market, provided that one correctly isolates a market need and proceeds to fulfil it better than anyone else. Our cautious "diversification" on the home market has paid great dividends. In particular, our activities in the area of sales distributorships have been most rewarding.

There will always be a market for first-class equipment if it is sold by aggressive and persistent salesmanship, even in times of economic stress and in an intensely competitive and sophisticated market. I dwell on this, as a means of indicating the truly enormous potential for sales of construction and allied equipment to the development-hungry territories in the Far East in which we are now engaged.

These developments mark the beginning of a new era for our company, for the world markets offer tremendous potential for rapid and major growth.

At home, the Group decided during 1974 to enter the crane manufacturing industry, but based on a policy of assembly as opposed to pure manufacture. The company name selected for this operation is Crown Cranes Limited, which has already a top-level team of executives, who are possibly the most experienced and tested team in the industry.

We have received an approach from Clark Equipment Company of the United States to take an equity interest in this new activity. Clark are themselves one of the largest and most successful manufacturers of construction equipment in the world. Negotiations are now at an advanced stage for Clark to take a matching equity stake with us in Crown, which will not only bring obvious technical benefits, but also an immediate world-wide distribution organisation. Crown would then become an associated company.

An assembly plant is nearing completion at Alfreton near Derby, and production will commence later this year. It is envisaged that, ultimately, 75% of production will be exported.

In conclusion, our company has an exceptionally solid base at home, and is now well forward in its exciting overseas expansion plans.

We therefore look forward with optimism and eagerness to the coming years. Certainly, the current year holds no trepidation for us. It has begun in a satisfactory way and, barring unforeseen circumstances, another increase in profits can be expected in 1975.



## COMPANY NEWS

# Laing diversification a 'major strength'

TTS STRONG order book, the vigorous pursuit of its diversification strategy, and its policy of taking profits only when contracts are completed, should keep John Laing and Sons' profit at "an acceptable level" in 1975, chairman Sir Kirby Laing says in his annual statement.

For 1976 and beyond the prospects "turn on the state of U.K. and world economies," he adds. The diversified nature of the business with no undue commitment to any one sector, continues to be a major strength of this building, civil engineering, building materials and property development group, the chairman says.

In 1974 the overseas share of turnover was 16 per cent, and is expected to exceed 20 per cent in 1975. And the group is establishing a new company, John Laing International—because overseas work is now a major contributor to the group's profits.

The group looks forward with confidence to developing an organisation capable of responding to a wide range of opportunities in a growing number of overseas markets, states Sir Kirby.

The construction order book is currently strong. But the directors are concerned that the absence of industrial and commercial investment and the downturn in public spending in the U.K. will lead to a slowdown in the intake of work.

The Board was expecting work on North Sea oil development for the level of sales achieved on comparable selling areas and also in the pace at which the rate of increase rose in the final six months. After discounting price inflation, there was an increase in the real volume and this momentum has continued through the first quarter of the new year.

At the year-end bank indebtedness had been reduced by over £500,000.

As reported on April 11 tax-adjusted profit for the year ended January 23, 1975, expanded from £1,830,000 to £2,130,000, and the dividend is lifted from 1.95p to 2.13p, a maximum permitted, 2.13p. An analysis of sales and profit shows: U.K. stores £24.3m, and £1.4m, Canadian stores £15m, and £632,000 and Plumb contracts £1,88m, and £115,000.

Meeting, Liverpool on June 5 at 11.30 a.m.

Chairman's Statement Page 21

## Confidence at Owen Owen

WHEN the directors of departmental stores operators, Owen Owen weigh the trading implications and economic difficulties that face the country, they remain confident in the group's ability to meet and overcome whatever lies ahead, says chairman Mr. J. A. H. Norman.

He briefly summarises some of the strengths on which the directors base their confidence as: the real improvement in merchandising, the increase in customer acceptance, the strength of the balance sheet, and the success of the Canadian operation.

Last year's trading performance in Canada was well in line with the previous upward trend and the unbroken sequence of profit increases over 16 successive years.

Commenting on trading in Owen Owen and T. J. Hughes stores the chairman states that the year's results were significant for the level of sales achieved on comparable selling areas and also in the pace at which the rate of increase rose in the final six months.

After discounting price inflation, there was an increase in the real volume and this momentum has continued through the first quarter of the new year.

At the year-end bank indebtedness had been reduced by over £500,000.

As reported on April 11 tax-adjusted profit for the year ended January 23, 1975, expanded from £1,830,000 to £2,130,000, and the dividend is lifted from 1.95p to 2.13p, a maximum permitted, 2.13p. An analysis of sales and profit shows: U.K. stores £24.3m, and £1.4m, Canadian stores £15m, and £632,000 and Plumb contracts £1,88m, and £115,000.

Meeting, Liverpool on June 5 at 11.30 a.m.

Chairman's Statement Page 21

## Frost & Reed lifts total to 5.595p

Stated earnings down to 21p, against 37p, per 50p share, as reported by fine art dealers and publishers, Frost & Reed (Holdings). The dividend is lifted from 5.265p to 5.595p net for 1974, with a final of 3.25p.

Turnover decreased from £2,448,400 to £1,754,075, and net profit is down from £463,888 to £265,921, after tax of £204,825 (£475,341), increasing stock provision by £177,000 (£29,000), and after crediting short term interest of £158,618 (£54,506).

## P. Panto

From turnover of £16.74m, against £14.62m, pre-tax profit of £1,010,000, after tax of £750,000, and after crediting short term interest of £158,618 (£54,506).

Meeting, Liverpool on June 5 at 11.30 a.m.

Chairman's Statement Page 21

At halfway when reporting profits up from £122,502 to £139,731 the directors said "1974 should prove to be yet another record year."

Earnings per 10p share are shown to have risen from 4.06p to 4.37p. The dividend is maintained at 1.4p with a final payment of 0.7p net.

After tax of £165,512 (£148,702) the net balance emerges up from £145,371 to £153,107.

## Higgs & Hills outlook

THE INEVITABLE recession in U.K. construction activity will be slow to reflect in the performance of Higgs & Hills because of the company's bias to long-term projects, chairman Mr. A. F. Parker tells members in his annual statement.

He says the group will endeavour to make good the required rate of progress in other ways, such as overseas work, but the uncertainties are too great for him to make any specific prediction concerning the current year.

The group's outstanding work load is approximately £100m.

Overseas are "attractive" particularly to the Middle East. The group is exploring many such prospects and is hopeful of some success.

Building in the U.K. has continued to be the mainstay of the business. Throughout 1974 a high level of activity was maintained as anticipated in real terms, discounting inflation. Turnover was up by about one-third on the previous year.

As reported on April 18 pre-tax profit before special provisions of £1.02m, advanced from £1.11m to £2.01m. The dividend is raised from 2.387p to a maximum permitted 2.577p net.

Chairman's Statement Page 21

## Earnings rise for More O'Ferrall

On a turnover of £3m, against £2.45m, taxable profits of the outdoor advertising etc. group, More O'Ferrall, improved from £477,000 to £480,000 for 1974, after being up from £167,000 to £235,000 at halfway.

Earnings per 10p Ordinary share are shown to have advanced from 3.5p to 5.1p and the net dividend total is lifted from 2.35p to 2.5p with a final of 1.7p.

Lady Elizabeth More O'Ferrall, chairman, has waived the final in respect of their personal holdings and as a result the dividend will absorb £43,500.

|                    | 1974        | 1973        |
|--------------------|-------------|-------------|
| Turnover           | £'000 3,000 | £'000 2,450 |
| Gross profit       | 480         | 413         |
| Taxation           | 25          | 25          |
| Net profit         | 455         | 388         |
| Ordinary dividends | 2           | 2           |
| Cash               | 23          | 2           |
| Shares             | 5           | 5           |
| Proposed final     | 44          | 4           |
| Total              | 131         | 111         |

Group profit includes the company's proportion of results of associates. This includes the proportion transfer for tax to deferred tax. Cost of advertising rights acquired from S.C. (Poster Services) £1,400 charged against revenue.

# Metal Closures Group

METAL CLOSURES · COLLAPSIBLE TUBES · PLASTIC CRATES AND OTHER METAL & PLASTIC PRODUCTS FOR PACKAGING

## INCREASING IMPORTANCE OF OVERSEAS ACTIVITIES

Mr. John Boden, Chairman

Extracts from the Annual Report and Statement for the year to 31st December 1974:

|   | 1974<br>£'000's | 1973<br>£'000's |
|---|-----------------|-----------------|
| Sales                                   | 36,371          | 27,295          |
| Profit before Tax                       | 4,932           | 3,990           |
| Profit after Tax and Minority Interests | 2,400           | 1,967           |
| Earnings per Share                      | 12.64p          | 10.35p          |

"Whilst business continued buoyant until almost the end of the year, Government legislation did not permit many of our increased costs to be reflected in the ultimate selling price. However, we ended with a satisfactory cash liquidity position. Directors recommend the maximum permissible final dividend of 1.8138p per share."

Our income from abroad continued to grow. These overseas interests are of particular relevance to the stability of our Group in the present period of domestic economic uncertainty. We export goods direct to 72 countries and also manufacture, through subsidiaries and licensees, in 27 countries. Continuing efforts are being made to open up new areas.

Regrettably, in common with most Chairmen today, I cannot be as positive as I would wish concerning the future. Long term investment is essential for the growth of any business. However, such investment requires economic stability and true recognition of the part that free enterprise has and, if allowed, can still contribute to the nation's wealth.

Confidence is essential for future success. We believe that we have this confidence. We are planning to extend our product base, dependent upon the climate that the Government can create by a very positive change of direction in its attitude towards private industry. However, irrespective of the difficulties ahead, we expect to measure up to our responsibilities.

Copies of the Report and Accounts may be obtained from the Secretary Richards & Wallington Industries Ltd, Wharf Road, Birmingham B11 2BY



## Senior posts at Thos. W. Ward

Mr. Harry H. Draycott and Mr. Peter Frost, directors of THOS. W. WARD, have been appointed assistant managing directors. Mr. David Wootton, group chief accountant, has been made finance director.

Mr. R. J. Gonda, Mr. J. N. Thornley, Mr. M. A. Ingram and Mr. A. G. Thom have joined the partnership of MONTAGU LOEBL STANLEY AND CO. stockbrokers, from May 22.

Mr. M. Al-Fayed has been appointed a director of RICHARD COSTAIN. Mr. Al-Fayed recently joined the Board of Lophos with special responsibility for its construction, shipping and oil interests.

Mr. H. Meij has been elected a director of UNILEVER and UNILEVER N.V. As previously announced, Mr. G. D. A. Kijstra did not offer himself for re-election and has retired. He has been appointed an advisory director of N.V. and Mr. H. S. A. Hartog has retired as an advisory director of that concern.

Mr. John S. Faulder has been appointed a director of CHAR-TERHOUSE DEVELOPMENT, a member of the Charterhouse Group.

Mr. T. R. Shaw has been appointed to the Board of BSR and will be responsible for group industrial relations.

Mr. M. Ostrer, Mr. D. Hanson, Mr. J. Sweeting and Mr. D. M. Watkins have joined the Board of GEORGE WALLINGTON AND SONS following the acquisition of a controlling interest in that concern by Illingworth Morris and Co.

Mr. Stephen Whitting has been appointed chairman of the PENNINE MOTOR GROUP. Mr. Colin Whitson has relinquished the chairmanship and is retiring from the Board to devote his time to his other interests.

Mr. John T. Canis, vice president has been appointed international representative of MANU-

FACTURERS NATIONAL BANK OF DETROIT's representative office in London following the retirement of Mr. Gay A. Crum.

Mr. John Tansy has been elected president of the BRITISH ASSOCIATION OF REMOVERS. Mr. George Bartup has been made chairman of the Institute of the Furniture Warehousing and Removing Industry.

Mr. W. Bowden, who is shortly retiring from the Standard and Chartered Banking Group, has resigned from the Board of LONDON AND DOMINION TRUST HOLDINGS and London and Dominion Trust U.K. Mr. R. J. Kimmins, financial controller designate of the Standard and Chartered Banking Group, has been appointed to both Boards in his stead.

Mr. Philip S. Taylor has retired from the Board of AUSTIN REED GROUP.

Mr. Robert H. Ayres has been appointed commercial director of HARDSTOCK and its associate company, Comfort Systems. The parent concern is Babcock and Wilcox.

Mr. John M. Ross has retired from the Board of the SCOTTISH PROVIDENT INSTITUTION. He was elected to the Board in 1959 and was chairman from 1968-71.

Mr. J. A. Hayward, general manager, industrial division, and Mr. R. R. Staplehurst, general manager, trade and retail division, have been appointed directors of DONALD MACPHERSON GROUP.

The retirement on September 1 of Sir Carl Aarvold, as Recorder of London and High Steward of Southwark, was announced yesterday by the City of London Court of Aldermen meeting. Sir Carl has held the office since 1964. The Court elected Mr. J. W. Miskin to take over as Recorder on September 1, subject to the Queen appointing him to exercise judicial functions. He will also become High Steward of Southwark.

## BSC to instal new coating line

BY MICHAEL CASSELL

The British Steel Corporation is installing a new continuous hot-dip coating line at its Corby works, for use in the automotive industry. The project will involve the conversion of existing equipment to clad the works into a modern line and for the manufacture of coating steel strip with a range of advertising signs.

The new BSC's total output of hot-dip coated steel is produced at Kingswinford, Worcestershire, but this works is now to be closed down. The Corporation says the plant is "outdated by modern standards" and has incurred substantial financial losses in recent years. The closure is planned to coincide with the opening of the modernised Corby facilities.

About 110 people are employed at the Kingswinford works and SYSTEMS has received a £71,000 contract for energy saving control with the closure, the Corporation intends to redeploy as many as 280 buildings workers as possible to nearby region of the Post Office. The work will involve the dismantling of buildings, supplying all automatic necessary because of growing controls necessary to bring instal-lation for term-coated steel in line with up to date, supervising and from BSC's existing plant. Final commissioning.

WALTER LAWRENCE AND SON has been awarded a £788,000 contract by the Department of the Environment to undertake Phase 1 of a rationalisation scheme at the Royal Aircraft Establishment, Bedford. Work has started and is due for completion in 18 months.

CONTROL at the Kingswinford works and SYSTEMS has received a £71,000 contract for energy saving control with the closure, the Corporation intends to redeploy as many as 280 buildings workers as possible to nearby region of the Post Office. The work will involve the dismantling of buildings, supplying all automatic necessary because of growing controls necessary to bring instal-lation for term-coated steel in line with up to date, supervising and from BSC's existing plant. Final commissioning.

## WIGHT CONSTRUCTION HOLDINGS LIMITED

33rd ANNUAL REPORT  
Year Ended 31st January, 1975.

Highlights from the Statement by the Chairman Mr. J. Mansel.

"I am very pleased to be able to report a year of further progress and another record Group Profit at £449,558 compared with £385,908 last year. The improvement in Profit is in line with the confidence which I expressed in both my Statement and my Interim Report of last year and has been achieved in a year of unparalleled increases in the Group's operating costs."

"An Interim Dividend of 2.5p per Share has already been paid, on the Share Capital as increased by the Scrip issue of three for one and the Board now recommends that a Final Dividend of 3.125p per Share be declared, making 5.625p per Share for the year."

"The Turnover of Wight Construction Limited has substantially increased and I can tell you that in 1975/76 this trend will continue. The financing of this increased volume of work will be met by the Group without recourse to outside aid."

"The volume and nature of the work which has been recently entrusted to your Principal Subsidiary ensures its continuing prosperity."

"Wight Plant Limited improved its contribution to Group Profits."

"When I last reported to you, I expressed considerable concern at the prevailing economic state of the Country and, indeed, of the Construction Industry. In the intervening period little has happened which would cause me to alter my views for we continue to be beset by runaway inflation, increased and penal taxation and by masses of legislation, most of which at best can be described as counter-productive. Our own industry faces one major additional difficulty in that it continues to be regarded as the economic regulator of the Country. In such circumstances of instability, I find it exceedingly difficult to plan the long-term future of the Group with any degree of meaningful confidence. In effect, much of such planning can only be 'crystal gazing'."

"However, for the immediate future, I am satisfied that your Company is well equipped to combat the foreseeable difficulties which lie ahead and this encourages me to tell you that I see no reason why the out-turn of this year's trading should be any less favourable than the results presently before you."

"I would like to record my sincere thanks to all Employees throughout the Group, to my Fellow Directors of the Subsidiary Companies and to my Colleagues on the Parent Board. During this most crucial and exacting period in the Construction Industry, their devotion and hard work has largely contributed to making possible the results achieved in the year under review."

Copies of the Report and Accounts may be obtained from The Secretary.

WIGHT CONSTRUCTION HOLDINGS LIMITED  
P.O. BOX No. 1, POLMONT, FALKIRK FK2 0PP.

The Annual General Meetings of Unilever Limited and Unilever N.V. were held yesterday in London and Rotterdam. Mr. David Orr presided at the meeting of Unilever Limited and Mr. G. D. A. Kijstra at the meeting of Unilever N.V.

Addressing the London meeting, Mr. Orr said: Unilever's third party sales in 1974 were 554 billion. Out of this 52% went for raw materials and packaging, 17% for wages, salaries and social contributions, and 25% for other costs like depreciation, distribution, and fuel and power. 6% was left as our trading profit before tax and of this 6% almost a half will be taken by the different tax authorities. 3% was left as profit after taxes, 40% of this was distributed as dividends, and 60% was ploughed back.

At first sight this 3% net profit after all the costs of producing the goods and running the business have been met, may seem reasonable. But even in normal times, it is hardly adequate to ensure the continued strength of Unilever.

I want this morning to explain why in today's inflationary conditions a net profit of 3% of sales is nothing like enough to maintain our present business, let alone ensure the company's growth. Not everybody nowadays believes that companies should grow. There is a fear of bigness, a suspicion that we are using up the world's irreplaceable resources, a feeling that it is bad to create new material desires. We do not share this view. We believe that companies must grow. It is difficult for a static company to maintain its level of employment, to pay wages and salaries which increase yearly with inflation, to secure pensions and to provide careers for the young generation. Profitable companies help provide the taxes from which schools and hospitals are built and which contribute to aid for the Third World.

Need for Profit Growth and Reasonable Dividends

There is still a growing demand for products which provide nutrition, hygiene and convenience. So long as this is so, there is a need for us and companies like us, to grow. That growth would be impossible without adequate profits. Earnings must be sufficient to provide for investment and to allow us to pay reasonable dividends.

Without reasonable dividends our share price would drop and we would be unable to raise funds in the equity markets. Without adequate profits there would be little money to plough back into the company and no new investment. Virtually all of Unilever's working and fixed capital investment over and above depreciation between the end of 1964 and the end of 1974 was provided out of retained profits. In 1973 and 1974, however, inflation hugely increased our capital needs and we had to finance almost 60% of these by new loan capital and by drawing on our net liquid funds. Without profits businesses cannot buy further plant, finance the additional cost of stocks, pay for the research which brings about technological changes or the improvements which are necessary to meet the new environmental standards which society now demands. Investment is, of course, not the only cause of growth. Scientific discovery is important but scientific discovery has usually to be incorporated into new physical assets in order to produce its effects.

When profits drop, investment drops, and when investment drops, the whole economy suffers. This has been strikingly illustrated in the UK by the rise and fall of investment over the years in line with fluctuations in the profitability of industry. (See Appendix 1.)

It is, therefore, very serious that in so many major countries real profits have shown a continuous tendency to decline over the past decade or more.

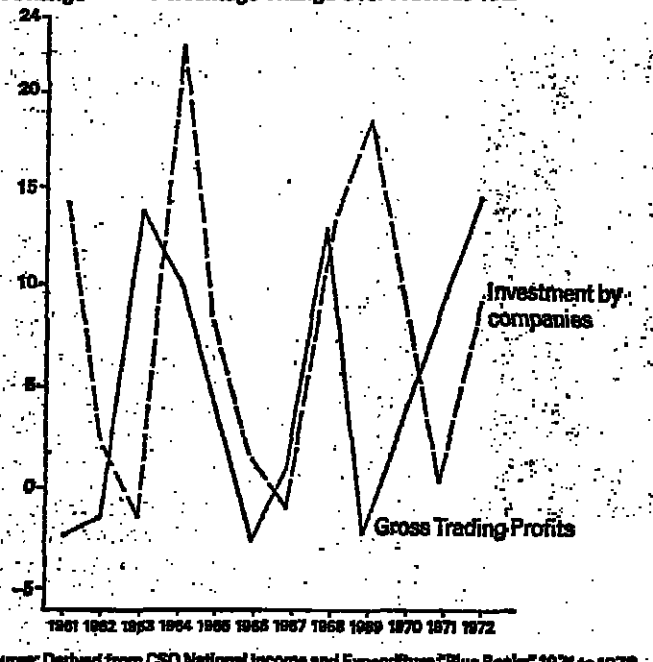
For instance, between 1965 and 1973 total profits of companies, after allowing for the effects of inflation, declined in the UK, the US, Germany and the Netherlands alike. This decline was as much as 40% in the UK and 19% in the US.

Yields on capital employed in industry obviously went down, much more, since capital employed increased considerably between these dates. For example if we compare the early fifties with the early seventies, the pre-tax real return on net assets in both Swedish and British manufacturing virtually halved. In the US, the real rate of return after tax on capital employed in manufacturing almost halved between 1965 and 1973. In the Netherlands the Central Planning Bureau estimates that the net pre-tax return on capital averaged no more than 4% in 1974, compared with 9% in the early sixties.

In countries with a high standard of living, the relative contribution of manufacturing to the national income is declining as that of service industries grow. Nevertheless, it is manu-

## U.K. Profits and Investment

The Relationship Between Changes in Company Sector Gross Trading Profits and Company Sector Investment



This chart is reproduced from "Profit and Investment" by Mr. Campbell Adamson, which was read to the Manchester Statistical Society on 6th December, 1973.

# Unilever

## Profits in Time of Inflation Effects of Tax and Price Control Society Needs Growth

A static company cannot maintain employment level....., says Mr David Orr

facturing which provides the great majority of the physical goods which are basic to the wealth of the community. The relatively high investment requirements of the manufacturing sector mean that it has a special need for profits if its productive strength is to be maintained and developed.

We do not suggest that inflation is the only reason for the decline in real profits; there are others—increased international competition, higher social costs and so on—but inflation is much the most important reason, especially when it is accompanied by severe price control.

The decline in corporate profitability has been most marked in the last five years when world inflation has dramatically accelerated. The reasons why real profits are depressed by inflation are well known. If depreciation is based on the original cost of the machine, and a new machine will cost two or three times as much, a great deal has to be taken out of profits simply to provide for the same productive capacity. In Unilever, in our internal management accounting, we base depreciation charges on replacement cost. The difference between historical cost depreciation and replacement cost depreciation came to nearly £30 million in 1974; we estimate it will be nearly £50 million in 1975.

### Extra Working Capital Requirements

Even more devastating is the need to find extra working capital out of profits. It is not just the cost of raw materials spiralling; dearer packaging materials and higher costs across the board automatically mean more money tied up in stock. In turn, prices have to be raised and the cost of financing debtors goes up. To do approximately the same amount of business at the end of 1974 as at the end of 1973, Unilever needed £250 million of extra working capital, three times our retained profits in sterling for the year.

If this money cannot be found, then the business has to be reduced in real size. If the business contracts, this means a reduction in employment. It may be argued that borrowing can tide a business over periods of exceptional inflation. To some extent this is possible, provided the business is sound and has good prospects of profitable growth. But borrowing is a short-term remedy, not a permanent one. For a prudent management, it has strict limits, particularly as interest rates are usually high when inflation is rampant.

All of this means that when inflation is high, profits expressed in current terms have to rise—and they must rise by considerably more than the amount of inflation.

### APPENDIX II

#### Effect of Inflation on Published and Real Profits

When inflation is high, profits expressed in conventional (historic) accounting terms tend to rise. Moreover, when inflation accelerates they tend to rise by considerably more than the new rate of inflation. This can be seen from the simplified example below, which shows that when inflation jumps from 10% to 25%, the firm illustrated would publish an increase of 181% in its profit. Moreover its published return on (historic) capital employed would increase from 8% to 20%. Yet its true return on replacement capital would have remained unchanged at 8%.

To keep the example simple, the firm is assumed to have only fixed assets and stocks, and no growth in sales volume. It is also assumed that stock appreciation receives no tax relief, which is still normal in most countries.

On these assumptions, the figures could be as follows. Lines 1-5 show the calculation of the true profit (after tax) required to maintain a true return on capital of 8%; lines 6-12 show the published figures which would be consistent with this.

|   | Year 1 | Year 2 |
|---|--------|--------|
| Inflation during year                     | 10%    | +25%   |
| 1. Fixed Assets (replacement basis)       | 100    | 125    |
| 2. Closing Stocks                         | 100    | 125    |
| 3. Replacement Capital Employed           | 200    | 250    |
| 4. True Return on Capital                 | 8%     | 8%     |
| Hence:                                    |        |        |
| 5. True Profit (after tax)                | 16     | 20     |
| 6. Published Profit (before tax)          | 32     | 90     |
| 7. Tax @ 50%                              | (16)   | (45)   |
| 8. Published Profit (after tax)           | 16     | 45     |
| Less:                                     |        |        |
| 9. Stock Appreciation                     | —      | (25)   |
| 10. True Profit (after tax)—as in line 5  | 16     | 20     |
| 11. Published Capital Employed (historic) | 200    | 225    |
| 12. Published Return on Capital (8-11)    | 8%     | 20%    |

It can be seen, in Year 2, when inflation jumps to 25% that: from line 4: True return on capital remains at 8% but that from line 12: Published return on capital rises from 8% to 20% from line 5: True profit rises +25%—i.e. just in line with inflation—which means that real profit, after allowing for inflation, does not rise at all. but that from line 8: Published profit rises by +181%.

The above movements look exaggerated because the change from negligible to high inflation has, in reality, taken a number of years. However, the magnitudes of the required adjustments to conventional yardsticks are not altered by this.

Price Control and Tax Regulations

However, our institutions are not yet adapted to industry's need for a higher level of profit. The most glaring examples are price control and tax regulations which make no allowance for inflation.

The problem with tax arises in two ways.

First, depreciation allowances are based on the historic cost of assets and not on their replacement costs. This means that the funds built up are insufficient when capital equipment has to be replaced. Some countries have tried to compensate for this by allowing accelerated depreciation. In the U.K. this can be 100% in the first year in Austria, 75%. Others give less, but still considerable, acceleration. All of this is welcome, but it is only a deferment of the burden and does not fully compensate for the higher costs of replacement.

The second taxation problem concerns stocks. When the value of stocks appreciates in inflationary conditions, it is frequently deemed to be a profit and duly taxed—despite the fact that if one is to continue in business, these stocks have to be replaced at the higher prices. Some countries have systems which mitigate the effect of this. For example, the U.S. and more recently Italy allow raw materials, etc., to be charged against sales at the price of the most recent purchases on the so-called Last-in-First-out principle. Others permit stock reserves, as in Sweden and Germany. The Netherlands' companies are allowed to value a substantial part of their stocks for tax purposes at fixed prices so that for this part the price increases are not taken into account for tax. In the U.K. a special deferment of tax has been allowed in respect of 1973 and 1974 for all stock appreciation beyond 10% of taxable profits. However, many countries—Australia, South Africa and India, for instance—still tax the so-called stock profits fully, confiscating half the cash which is needed to finance the additional cost of stocks acquired most recently at high prices.

We have already seen that with inflation margins need to go up and profits rise in conventional accounting terms. Price controls too often make this impossible. There are two particular ways in which unreasonable price controls hurt us.

The first is delay. When costs go up, a price increase has to be applied for and it always takes time before it is granted.

In Belgium in 1974 the waiting period between declaration of a price increase to the authorities and its application was extended from 3 to 6 months. This has now been reduced again to 4 months and only recently prices were frozen for 2 months. In France, no time is fixed for a decision, and the cost to us of delay on one single application in our dairy products business was £1 million. In the U.K., price increases can normally only be implemented at three-monthly intervals. In Austria, no law limits the time the Fairtrade Commission may take to decide whether an increase is reasonable. In Italy, in 1974, the Government was allowed in practice an indefinite time to consider applications and was then able to turn them down on grounds which included the general incapacity of the economy to stand increases. This cost us £177 million in our detergents and edible fats businesses there in the year July 1973 to July 1974.

Secondly, certain costs are often disallowed for price control purposes. Thus the Netherlands accepts no increase over the base year in depreciation, in repairs or in services by third parties. In other countries like Australia and the U.K., only depreciation on the historic cost of the assets is allowed. The most frequent disallowance, however, is part of any increase in wages and salaries, either on the ground that it should be met by an increase in productivity, or specifically on the ground that industry should absorb part of any increase in costs from its profits. In the Netherlands, for instance, in 1974 60% of our wage and salary increases was disallowed for price control purposes. In the U.K., in 1974, our disallowed costs were £5.1 million, of which more than half was represented by wages and salaries. At times of high wage increases and stagnant volume such as the present, the improvements in productivity which would be required to make up for these disallowances in an already efficient business like ours, are quite unattainable.

Because our margins are so small—remember that mere 3% of sales—price controls which are unreasonable in small ways can cause quite disproportionate damage to profits and thus to investment. If price control is severe enough to produce even a 1% reduction in the cost of living at a time when many countries have inflation of 10%, 15% and 20%, it will almost certainly cut deep into the resources available for investment growth.

### Pensions Contributions

Another burden which inflation places on our profits is the need to make increased company contributions for pensions. Like most progressive companies, our pensions are, in general, related to pay in the final years of service. In recent years the rates of increase in pay levels have in most countries been well above the rates of return that could be secured on pension fund investments. The resulting shortfall has to be financed by increased Company contributions.

### Dividends and Inflation

A few words about dividends.

Over the last ten years our dividends have averaged 39% of our profits after tax, and we were able to raise them over that time by an amount which fully compensated shareholders for the rise in the cost of living.

The question now is, can we go on keeping our dividends in line with inflation, now that inflation has got so much worse?

To answer, I must go back to the points of my talk today. Unilever suffered severely from inflation in 1974, the more so because our raw material prices went up so much more sharply than the general cost of living index.

But we are still a healthy, strong and growing company and will remain so, provided Government policy permits us to make the higher profits in current money which are needed at times of inflation. Unfair price controls, punishing taxation on so-called stock profits, depreciation for tax based on historical cost, must all go.

Fair treatment will enable us to treat our shareholders, our 350,000 employees, and our customers fairly as well. Provided we get fair treatment, I am sure that our company will prosper in the future, as in the past.

Mr. G. D. A. Kijstra, Chairman of Unilever N.V., gave a similar address to shareholders at the meeting in Rotterdam.

The Report and Accounts of both Companies for 1974 were adopted.

The proposed final Ordinary dividends for 1974 of both companies were declared; these being 7.38p (payable in two instalments) per 25p Ordinary share of Unilever Limited, and £1.432 per £1.20 nominal amount of Ordinary capital of Unilever N.V. As announced on the 25th April, the proposals regarding Unilever Limited's Ordinary dividends for 1974 had been adjusted since the Report and Accounts went to Press. The Chairman explained the adjustments.

The Directors and Auditors of both companies were re-elected, with the exception of Mr. G. D. A. Kijstra, Chairman of Unilever N.V. and a Vice Chairman of Unilever Limited, who did not offer himself for re-election and has now retired. Mr. H. Meij was elected to the boards of both companies.

At the end of the meeting the Chairman paid a tribute to Mr. Kijstra.

Mr. G. J. Harley, on behalf of the shareholders, associated himself with the tribute to Mr. Kijstra and proposed a vote of thanks to the Directors, Management and Staff, which was carried by acclamation.

Copies of Mr. Orr's speech are available on application to: Information Division, Unilever House, London EC4P 4BQ.

Copies are also available from Information Division of a statement on wages and conditions of African workers employed by the Unilever subsidiaries in South Africa.







## FERTILISERS

# Restraint on prices hardly surprising

BY RAY DAETER

# Majorly surprising

BY RAY DAFTER

I HAS just announced that it will not be putting up the price of fertilisers with new season deliveries on June 1, and Fisons said yesterday that it would be exercising similar restraint. While this must be welcome news to farmers, it hardly comes as a surprise.

Bad weather at home, coupled with an economy-reflecting fall in fertiliser demand on world markets, has made it difficult for Fisons to impose a price increase at the moment.

Nevertheless, ICI pointed out that at it was still experiencing increasing costs and price increases are "inevitable" later in the year (probably late summer or autumn, it is understood). The company said demand was expected to pick up now that the

Although U.K. prices have stabilised, they have not been forced down as yet. The main reason is that, under price regulations in Britain, the domestic cost of fertilisers has been markedly lower than the international rate of increase.

Even so, ICI's straight nitrogen fertiliser has risen in price by 38 per cent since January last year, while compounds have gone up by about 80 per cent on average over the same period.

As for the rate of price increase, later this year it will depend largely on the speed at which demand picks up this summer. Dynaminch states: "All the rosy projections for 1975-76 on fertiliser demand as indicated in 1974 and early 1975 are off, as last year's increases in raw

The report says that the phosphates, as well as some fertilisers and to a lesser potassium, have moved over into a surplus situation.

"Probably for the first recent history, the elastic demand is being tested in countries based on the increase in 1974 prices."

Here the report sounds of warning to Morocco, the world's major supplier of phosphate rock, and to the current Moroccan prices are tolerable since they are substantially higher than those of key competitor, the U.S.

## Competition

"Price competition is now

they had no alternative, rule that sales will have to be conducted on the basis of the new 25 per cent. rate. This has proved unacceptable to buyers.

It seems virtually inevitable that to-day's London hides auction will also have to be postponed and, though the Birmingham auction has been rescheduled for Friday, there is no certainty that normal auction operations will have been resumed by the end of this week.

Customs and Excise spokesmen asserted last night that, under the terms of the 1981 Bill, hides and skins would attract the higher VAT rate. His Department had received strong representations from the tanning trade for the reinstatement of the old rate and the matter was being actively considered. He said.

however, that any decision on the matter would have to be taken at Government level.

## ANCHOVY FISHING

LIMA, May 13. Anchovy fishing off the Peruvian coast is to halt after Thursday, bringing the first half of the 1975 season to an end. Preliminary calculations put the catch about 2.9m. tons of fish, which is the standard conversion rate now being achieved will have added around 670,000 tons of fishmeal.

Predictions, therefore, that Peru's anchovy resource is on the way to recovery are being more less fulfilled and industry leaders say that the Government has previously stated aim of catching up to 6m. tons during 1975 is likely to be reached.

large was caused by short-covering down to 23,015 following renewed hedging with stop-loss and speculative selling. Buying of nearby dates, however, which followed a similar move- found sellers reserved and prices subse-

ould be particularly affected by the  
propaganda are said to be holding off  
sendings further details.

Grain shippers covered a cargo from  
S. S. Gulf to Netherlands at \$5.40 f.i.a.  
for May and another from the same  
loading area to Greece at \$7.50 free  
ascharme for June. A small cargo of  
rain was arranged from U.S. Gulf to  
Guaira at \$15 f.i.o. for May.

Coal shippers fixed a cargo from Dur-  
ham to Havre-Bamburg range at \$10.25  
f.o.b. for May-June and another  
have arranged 15 or 18 cargoes from

## RESULTS

| LEAD          | a.m.<br>Official | + or<br>- | p.m.<br>Unofficial | + or<br>- |
|---------------|------------------|-----------|--------------------|-----------|
|               | £                | £         | £                  | £         |
| Cash.....     | 189.75-80.2      | -1.75     | 189.90             | +3.25     |
| 3 months..... | 182.25-5         | -57       | 182.25-5           | +8.25     |
| 8 months..... | 190.25           | -1.75     |                    |           |

**SILVER**

Silver was **Good** 1.5p an ounce lower for spot delivery in the London bullion market, at 177.0p. U.S. cent equivalent of the fixing prices were: spot 454.7c, down 1.2c; three-month 458.5c, down 1.7c; six-month 467.5c, down 2.1c; and 12-month 453.5c, down 1.8c. Business was good. The spot price opened at 168.0-169.5p (454-459c), and fell at one stage to 164.5-166.0p (453-458c), but ended at 168.0-169.5p (454-459c), against Monday's 167.0-168.5p (454-458c).

| SILVER    | Bullion | + | - | L.M.B. | + | - |
|-----------|---------|---|---|--------|---|---|
| per       | fixing  |   |   | close  |   |   |
| royal oz. | price   |   |   |        |   |   |

| COCOA    | China     | —               | Done |
|----------|-----------|-----------------|------|
| Contract | -         |                 |      |
| 15       | 451 0 5 0 | 3 35 52 0 4 3 0 |      |

15. Hard wheat—19 55, 3.92, 2.92, 4.02  
55, 2.92 2.92 4.02

55.07, rest nll). Barley—48.84, 1.46,  
2.92, 1.84, rest nll). Oats—39.55,  
nll 33.53, rest nll). Matze (other  
a hybrid for seedling)—29.39, rest 1.48  
2.037, 0.37, 1.10). Buckwheat—  
4.22, nll 15.84, rest nll). Millet—  
nll nll nll). Grains sorghum—35.40,  
2.54, 4.39 (34.67, 3.65, 3.65, 5.84).  
Types for flours: Wheat or mixed wheat  
ryes—78.71 (77.69). Rye—97.80 (97.80).  
GCA—Location ex-farms spot prices: 1  
milling wheat—Lynn 536.80,  
2000—Edinburgh 447.30, Kings  
u 448.50.

Friday morning's currency inspired rise which some quarters felt was overdone in view of the fact that coffee fundamentals had not changed.

**LONDON DAILY PRICE**—Unchanged at 5  
a ton c.i.f. for May/June shipment. 5  
Initial selling depressed values by over 5  
points, but a much steadier tone 5  
developed once the selling pressure had 5  
been absorbed, and by mid-day half the 1  
loss had been recovered. Prices 1  
remained quietly steady all afternoon. 1

|          |            |            |
|----------|------------|------------|
| Feb..... | 414.5-18.0 | -5.5 414.0 |
| Mar..... | 418.0-19.0 | -6.0 419.0 |

Sales: 861 (1,101) lots of 5 tonnes.

Latest published ICO indicator prices:

|             |              |              |  |
|-------------|--------------|--------------|--|
| 181.5-81.25 | 177.50-78.00 | 184.00-77.50 |  |
| 178.5-79.75 | 177.50-78.25 | 185.00-75.00 |  |
| 177.51-78.0 | 175.00-75.50 | 178.00-75.45 |  |
| 175.00-77.0 | 172.00-74.00 | 178.01-75.00 |  |
| 176.00-77.0 | 171.75-75.00 | 177.00-75.00 |  |

...les: 2,044 (4,040) lots of 50 tons, each  
 ... and Lyle ex-refinery price for  
 ...ulated basis white sugar was \$281.80

THE LONDON physical market closed a hesitant note.

| DATE       | PRICE | QTY   | AMOUNT   |
|------------|-------|-------|----------|
| 1966-08-20 | 166.5 | 68.0  | 11286.00 |
| 1966-08-21 | 170.0 | 71.5  | 12157.50 |
| 1966-08-22 | 173.0 | 75.5  | 13042.50 |
| 1966-08-23 | 176.0 | 77.4  | 13616.80 |
| 1966-08-24 | 179.5 | 80.0  | 14360.00 |
| 1966-08-25 | 182.0 | 82.0  | 14924.00 |
| 1966-08-26 | 185.0 | 84.0  | 15540.00 |
| 1966-08-27 | 188.0 | 86.0  | 16168.00 |
| 1966-08-28 | 191.0 | 88.0  | 16798.00 |
| 1966-08-29 | 194.0 | 90.0  | 17460.00 |
| 1966-08-30 | 197.0 | 92.0  | 18124.00 |
| 1966-08-31 | 200.0 | 94.0  | 18800.00 |
| 1966-09-01 | 203.0 | 96.0  | 19488.00 |
| 1966-09-02 | 206.0 | 98.0  | 20188.00 |
| 1966-09-03 | 209.0 | 100.0 | 20900.00 |
| 1966-09-04 | 212.0 | 102.0 | 21624.00 |
| 1966-09-05 | 215.0 | 104.0 | 22360.00 |
| 1966-09-06 | 218.0 | 106.0 | 23108.00 |
| 1966-09-07 | 221.0 | 108.0 | 23868.00 |
| 1966-09-08 | 224.0 | 110.0 | 24640.00 |
| 1966-09-09 | 227.0 | 112.0 | 25424.00 |
| 1966-09-10 | 230.0 | 114.0 | 26220.00 |
| 1966-09-11 | 233.0 | 116.0 | 27028.00 |
| 1966-09-12 | 236.0 | 118.0 | 27848.00 |
| 1966-09-13 | 239.0 | 120.0 | 28680.00 |
| 1966-09-14 | 242.0 | 122.0 | 29524.00 |
| 1966-09-15 | 245.0 | 124.0 | 30380.00 |
| 1966-09-16 | 248.0 | 126.0 | 31248.00 |
| 1966-09-17 | 251.0 | 128.0 | 32128.00 |
| 1966-09-18 | 254.0 | 130.0 | 33020.00 |
| 1966-09-19 | 257.0 | 132.0 | 33924.00 |
| 1966-09-20 | 260.0 | 134.0 | 34840.00 |
| 1966-09-21 | 263.0 | 136.0 | 35768.00 |
| 1966-09-22 | 266.0 | 138.0 | 36708.00 |
| 1966-09-23 | 269.0 | 140.0 | 37660.00 |
| 1966-09-24 | 272.0 | 142.0 | 38624.00 |
| 1966-09-25 | 275.0 | 144.0 | 39600.00 |
| 1966-09-26 | 278.0 | 146.0 | 40588.00 |
| 1966-09-27 | 281.0 | 148.0 | 41588.00 |
| 1966-09-28 | 284.0 | 150.0 | 42600.00 |
| 1966-09-29 | 287.0 | 152.0 | 43624.00 |
| 1966-09-30 | 290.0 | 154.0 | 44660.00 |
| 1966-10-01 | 293.0 | 156.0 | 45708.00 |
| 1966-10-02 | 296.0 | 158.0 | 46768.00 |
| 1966-10-03 | 299.0 | 160.0 | 47840.00 |
| 1966-10-04 | 302.0 | 162.0 | 48924.00 |
| 1966-10-05 | 305.0 | 164.0 | 50020.00 |
| 1966-10-06 | 308.0 | 166.0 | 51128.00 |
| 1966-10-07 | 311.0 | 168.0 | 52248.00 |
| 1966-10-08 | 314.0 | 170.0 | 53380.00 |
| 1966-10-09 | 317.0 | 172.0 | 54524.00 |
| 1966-10-10 | 320.0 | 174.0 | 55680.00 |
| 1966-10-11 | 323.0 | 176.0 | 56848.00 |
| 1966-10-12 | 326.0 | 178.0 | 58028.00 |
| 1966-10-13 | 329.0 | 180.0 | 59220.00 |
| 1966-10-14 | 332.0 | 182.0 | 60424.00 |
| 1966-10-15 | 335.0 | 184.0 | 61640.00 |
| 1966-10-16 | 338.0 | 186.0 | 62868.00 |
| 1966-10-17 | 341.0 | 188.0 | 64108.00 |
| 1966-10-18 | 344.0 | 190.0 | 65360.00 |
| 1966-10-19 | 347.0 | 192.0 | 66624.00 |
| 1966-10-20 | 350.0 | 194.0 | 67900.00 |
| 1966-10-21 | 353.0 | 196.0 | 69188.00 |
| 1966-10-22 | 356.0 | 198.0 | 70488.00 |
| 1966-10-23 | 359.0 | 200.0 | 71800.00 |
| 1966-10-24 | 362.0 | 202.0 | 73124.00 |
| 1966-10-25 | 365.0 | 204.0 | 74460.00 |
| 1966-10-26 | 368.0 | 206.0 | 75808.00 |
| 1966-10-27 | 371.0 | 208.0 | 77       |

physical closing prices (buyers) were: —  
 26.5p (same); June 25.9p (25.8p);  
 28.4p (26.5p).

| (Aust. cents per kilo) |                 |        |               |
|------------------------|-----------------|--------|---------------|
| Year                   | Yesterd's Close | + or - | Business Done |
| 1957                   | 257.5-58.0      | + 1.0  | 257.5-58.0    |
| 1958                   | 297.0-88.0      | + 0.2  | 288.0-87.0    |
| 1959                   | 273.0-73.5      |        | 273.5-72.5    |

(Pence per kilo)

E178-E189, Apr/1 E178-E189, long June  
65. Closing tone, quiet. No of lots,

**UTE**  
**INDONESIA**—Quiet. Prices c. and f. U.K. May-June shipment: BWB £220, BWC BWD £211. Tosses: BTB £230, BTC BTD £213. Calcutta goods steady. **INDONESIA** c. and f. U.K. for May shipment: 10-oz. 40-lbch \$3.05, 7½-oz. \$2.80 per bags, June \$3.17 and \$2.85, July-Sept. and \$3.31. "B" twills: £22.87, and £22.65 for the respective shipment periods. Yarn and cloth very quiet. **INDONESIA**—Quiet. Bangladesh White C May-June, £24.00. D grade May-

ing was irregular and turnover below average. This trend continued throughout the day. The bulk of turnover was in the first 3 months.

2174.00. A long 100.  
CUTTA—Steady. Indian May-June  
3. Dundee Orissee May-June Rs.450  
4. A bale of 400 lbs.  
★  
ERPOOL COTTON—Spot and ship-  
sales amounted to 72 tonnes, bring-  
ing total for the week so far to 118

## MEAT/VEGETABLES

£1.30-£1.80; large haddocks £2.30,  
 m £2.40, small £1.80-£2.20; medium  
 £3.00, best small £3.80; skinned  
 a £3.20, medium 80p; coalfish 80p-  
 reds 80p-£1.20.

★

PRA - Philippines - May-July 1940  
 ers per tonne c.i.f. North European

|             |        |      |
|-------------|--------|------|
| May 13 1975 | + or - | Mo a |
|-------------|--------|------|

## U.S. Markets

**D. I. 1164**

# Buying lifts silver and copper

NEW YORK, May 12.

|                  |        |      |       |
|------------------|--------|------|-------|
| per Tony O.....  | 187.1  | -1.6 | 175.2 |
| months.....      | 202.6  | -1.6 | 177p  |
| Cash (a) \$..... | £2,988 | +6   | £2.9  |
| months (a).....  | £5,927 | +0.5 | £5.0  |

BOTH silver and copper rallied on good Commission House buying. Cocoa finished higher on trade support. Sugar advanced in featureless trading. Chicago grain closed higher in the beans and maize on short covering, while wheat declined on heavy commercial selling. Back reports.

|                 |       |       |     |
|-----------------|-------|-------|-----|
| French No.3 Am. | £52.0 | ..... | £51 |
| A. Yellow Film  | 59.5  | ..... | 1   |

Sales: 1,413 lots.

Cotton—July 46.40-46.45 (46.65), Oct. 47.65-47.68 (47.82), Dec. 48.25, March 49.18-49.23, May 49.80-49.95, July 50.50-50.70, Oct. 50.75-51.00. Sales: 1,750.

☿Gold (troy ounces)—May 198.00 (185.29), June 186.70 (185.90), July 187.78, Aug. 188.70, Oct. 179.80, Dec. 173.00, Feb.

|                 |      |      |
|-----------------|------|------|
| our White...ton | £856 | £826 |
| Black...ton     | £885 | £670 |

Nominal † Seller. ‡ Unofficial closing  
 indication. Sales † 11.15 and 11.30

July 188.90, Oct. 109.00. Sales: 588.  
 Tiffner-Spot 456.50 (456.00), May 483.00  
 (456.90), June 464.70 (458.70), July 487.50  
 Sept. 471.80, Dec. 483.00, Jan. 486.80,  
 March 491.90, May 497.90, July 503.90,  
 Sept. 509.90. Sales: 7,186.  
 "Sayaboons-May 326-827 (518)", July  
 513-513 (504)", Aug. 509-599, Sept. 502-  
 503 Nov. 492-503 Jan. 507-508, March 514

|      |        |        |       |
|------|--------|--------|-------|
| 1.52 | 161.51 | 166.00 | 218.6 |
|------|--------|--------|-------|

(Base: July 1, 1953=100)

March 18.50-18.55, May 18.37 nom., July 16.00 nom., Sept. 15.75, Oct. 15.69. Sales: 1,919.  
The \$24.00-\$62.00 nom. (same).  
---Wheat---May 323-323 (3194), July 314-314 (314-313), Sept. 319-319, Dec. 328, March 335.

(Average 1924-25-26=100)

otherwise stated. \*Cents per 60-lb bushel ex-warehouse. †Chicago loose \$'s per 100 lbs. — Dept. of Ag. prices previous day. Drummed \$'s per 10 lbs f.o.b. N.Y. ‡Cents per troy ounce ex-warehouse. §New "B" contract in \$'s a short ton for bulk lots of 100 short tons delivered.

1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 26



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London company being organised with branches in Portugal, Angola, Mozambique and Brasil, is looking for a collaborator/specialist in international trading in commodities and tropical African raw materials, produce and agricultural products.

Please write urgently giving all details, experience, terms required etc., to Box A.5065, Financial Times, 10, Cannon Street, EC4P 4BY.

## APPOINTMENTS WANTED

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With varied commercial background, and going to Canada in month's time on own business, is available to represent, or act as agent for any appropriate company.

Write Box A.5044, Financial Times, 10, Cannon Street, EC4P 4BY.

## PUBLIC NOTICES

GLASGOW CORPORATION is issuing today 2.5m. Bills at 9 1/4% p.a., maturing 15th August, 1975. Applications should be made to the Corporation's Secretary, Glasgow City Chambers, Glasgow G1 1JH. The total amount of bills outstanding is £10m.

## RESIDENTIAL PROPERTY

## BLAKE &amp; CO.

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NOTTINGHAM TERRACE, REGENT'S PARK. Superbly situated Penthouses, Roof Garden, Sun Terrace and balconies with magnificent panoramic views.

Reception hall, triple aspect drawing room of 30 ft., 2 further reception rooms, master suite of bedroom, bathroom and dressing room, second suite of bedroom and bathroom, 7 further bedrooms and 2 bathrooms, fitted kitchen/breakfast room. Gas warm air C.H.

Lease 91 years. G.R. £308 p.a. rising

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## COMPANY NOTICES

CORRECTED NOTICE

## E.N.E.L

7.25% 1971/1986 Loan of ECU60,000,000

Notice is hereby given to bondholders of the above loan that the Deutsche Mark (1 ECU = DM 3.66) has been selected as payment currency for coupon No. 4.

The coupon will be payable on or after May 1, 1975, by the Paying Agents mentioned on the coupons.

Fiscal Agent

KREDIETBANK

S.A. Luxembourg/Georgise

## CONSOLIDATED COMPANY BULTPONT MINE LIMITED

GRIQUALAND WEST DIAMOND MINING COMPANY, DUTOITSAN MINE LIMITED

(Both incorporated in the Republic of South Africa)

## DECLARATION OF DIVIDENDS

Notice is hereby given that the directors of the above-mentioned companies have declared dividends for the half-year ending 30th June, 1975, payable to shareholders registered in the books of the respective companies on 27th June, 1975.

Warrants will be posted from the Johannesburg and the United Kingdom Offices on the transfer securities on or about 3rd July, 1975. Registered shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on 22nd July, 1975 of the rand value of their dividends (less appropriate taxes). Any such shareholders may however elect to be paid in South African currency, provided that the request is received at the offices of the corporation's transfer secretaries in Johannesburg or in the United Kingdom on or before 27th June, 1975.

The effective rate of non-resident shareholders' tax is 15 per cent. The dividend is payable subject to conditions which can be inspected at the head and London offices of the Corporation and also at the offices of the corporation's transfer secretaries in Johannesburg and the United Kingdom.

By order of the Board of Directors and on behalf of the Corporation's transfer secretaries in Johannesburg and the United Kingdom.

Consolidated Company Bultfontein Mine, Limited. 5 cents per share

Griqualand West Diamond Mining Company, Dutoitsan Mine, Limited. 25 cents per share

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA, LIMITED. London Secretary: D. H. J. Paterson

London Office: 40, Mark Lane, EC3A 7DP, ECIP (A). Office of the United Kingdom Transfer Secretaries: Anglo American Corporation of South Africa, Limited, P.O. Box 102, Charter House, Park Street, Adford, Kent, TN24 8EQ, 13th May, 1975.

## THE MESSINA (TRANSVAAL) DEVELOPMENT COMPANY LIMITED

(Incorporated in the Republic of South Africa)

## DECLARATION OF DIVIDEND

Notice is hereby given that Dividend No. 80 of 15 cents per unit of stock has been declared payable to shareholders registered in the books of the company at close of business on Friday 30 May 1975. The dividend has been declared in the currency of the Republic of South Africa and warrants in payment will be posted from Johannesburg and London on or about 3 July 1975. Dividends payable from London will be paid in British currency at the rate of exchange ruling on 31 May 1975. The dividend is payable to shareholders whose names are on the share register of the company on 31 May 1975. The dividend is payable to shareholders whose names are on the share register of the company on 31 May 1975. The dividend is payable to shareholders whose names are on the share register of the company on 31 May 1975.

By order of the Board of Directors and on behalf of the Corporation's transfer secretaries in Johannesburg and the United Kingdom.

Consolidated Company Bultfontein Mine, Limited. 5 cents per share

Griqualand West Diamond Mining Company, Dutoitsan Mine, Limited. 25 cents per share

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA, LIMITED. London Secretary: D. H. J. Paterson

London Office: 40, Mark Lane, EC3A 7DP, ECIP (A). Office of the United Kingdom Transfer Secretaries: Anglo American Corporation of South Africa, Limited, P.O. Box 102, Charter House, Park Street, Adford, Kent, TN24 8EQ, 13th May, 1975.

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Griqualand West Diamond Mining Company, Dutoitsan Mine, Limited. 25 cents per share

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## CBI INDUSTRIAL TRENDS SURVEY

## Investment and employment in manufacturing down

BY HAROLD BOLTER, INDUSTRIAL EDITOR

INVESTMENT AND employment in manufacturing industry are falling. Short-term export prospects are weak. Costs continue to escalate, largely because of extensive pay increases. These are the main features of the latest industrial trends survey from the Confederation of British Industry.

The results of the survey, carried out among 1,232 companies employing around 3m. people and accounting for about half of the country's manufactured exports, make very depressing reading.

"The overriding requirements of the survey are to try to reduce the rate of inflation in the U.K. (even 'value') has fallen consistently and to try to ensure that the recovery in the current account of the balance of payments is not endangered," the Confederation maintains.

"Reduction of domestic demand would be consistent with neither supporting employment by boosting consumption, nor before very long, add to inflationary pressures both directly and through the external account mechanism."

"Come the day of reckoning, the consequences for employment could be very much worse even than those presently envisaged."

The CBI suggests that the results of its survey have two distinct implications for the Chancellor's strategy of an export-led recovery in industrial activity.

First, a majority of exporters reports that new orders from overseas customers are likely to be constrained because U.K. prices are relatively high.

The position may have been improved since the survey was completed (on April 30), however, as there has been some made of this possible reversal.

Looking ahead, a balance of 13 per cent. expects a fall in the value of new orders. This is a smaller figure than in January, mainly because of an improvement foreseen in the food, drink and tobacco and chemicals sectors.

"Too much should not be made of this possible reversal," the CBI says. "There have already been false dawns in this series over the last year and balance—13 per cent.—still remains one of the least favourable on record."

On balance, 15 per cent. of the companies participating reported an increase in the value of output over the past four months. The result for manufacturing industry as a whole is the lowest for 31 years, while the result for the consumer goods sector is the lowest in almost eight years.

On balance, 20 per cent. of the companies expect the value of output to increase over the next four months, but inflation clearly distorts the answers. Companies were also asked about trends in the volume of output—and the answers turned out to be more pessimistic than net increases in value terms into net decreases when the change was expressed at constant prices.

The survey indicates that the running down of stocks of raw materials and bottling supplies continues, and that it is expected to continue.

Widespread constraints to output. Of the factors likely to limit production over the next four months, a shortage of orders or sales stands out as the most important. This is a record nine out of 10 respondents in the consumer goods sector.

Obviously, in this situation, other limiting factors, the supply constraints, have been of diminishing importance. This does not mean that supply shortages have entirely disappeared, however.

For example, 35 per cent. of the companies taking part still mention problems over the availability of skilled labour and 27 per cent. of the vehicles manufacturers expect output to be held up over the next four months because of the supply of materials or components.

Investment. Although 12 per cent. of the companies taking part expect to authorise more capital expenditure on buildings in the next 12 months than in the past 12, some 54 per cent. expect to authorise less.

For investment in plant and machinery the comparable figures are 22 per cent. and 49 per cent. The question was first asked in October 1958.

The short-term forecast in time is slightly more encouraging than in January, but still less favourable than at any other period since 1958.

On the basis of this and recent surveys "a substantial" fall in manufacturing investment in 1975 and 1976 must be expected," the CBI maintains.

On an unwieldy basis, 82 per cent. of all participants believe that investment over the next 12 months will be limited because capacity is adequate to meet expected demand.

Employment. Reduced employment over the past four months is now reported by a balance of 40 per cent. in the survey. And this trend is expected to continue over the next four months, by a balance of 38 per cent. Both figures are records.

Labour shedding has been particularly widespread in the consumer goods sector over the past four months and among the largest companies.

A similar pattern is evident in the forecasts, but the general trend is fairly uniform, in that a balance of respondents in 28 of the 33 individual industry groups expect to reduce employment over the period to July.

Unit costs and domestic prices. A balance of 91 per cent. of all respondents reports an increase in unit costs, and looking ahead expectations for the period to August are just as cheerless. Surveys were repeated in the present survey.

Companies were asked to compare their net liquidity position with that prevailing in the previous six months. The results are more pessimistic than in the previous six months, but still less favourable than at any other period since 1958.

Corporate liquidity. A special question on this subject, first included in the October 1974 survey, was repeated in the present survey.

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Below capacity working is already as frequent among companies in manufacturing industry as at the trough of recent cycles and there is every indication that it is going to become more frequent still.

On present trends, the CBI says, the recession will be deep.

Other things being equal, the case for fiscal measures to stimulate demand would have been a strong one—but other things are not equal.

## Details of trends

TOTAL TRADE—1,338 respondents. All figures are percentages based on a weighted sample. Figures in parentheses show the response to the survey carried out last January.

Are you more, or less, optimistic than you were four months ago about the general business situation in your industry?

More Same Less  
(4) (29) (67)

Do you expect to authorise more, or less, capital expenditure in the next 12 months on:

(a) Buildings (12) (28) (59) (1) (21) (48) (31)

(b) Plant and Machinery (13) (25) (46) (1) (18) (31) (51)

Is your present level of output below capacity (that is, are you working below a satisfactory full rate of operation)?

Yes No N/A  
(61) (38) (1)

Excluding seasonal variations, what has been the trend over the past four months, and what are the expected trends for the next four months, with regard to:

Numbers employed Up Same Down N/A Next four months Up Same Down N/A

Value of total new orders 16 46 38 (1) 13 45 41

Value of output 25 32 43 (1) 12 46 41

Stocks of: (28) (28) (44) (2) (18) (35) (46) (1)

(a) Raw materials and brought in supplies 31 31 37 (1) 11 41 48 (2)

(b) Finished goods 24 32 34 (20) 10 37 52 (1)

Average costs per unit of output 94 3 2 89 7 1 3

Average selling price 73 22 2 3 66 26 4 3

What factors are likely to limit your output over the next four months? Please tick the most important factor or factors: Order or sales 65, skilled labour 24, other labour 6, plant capacity 1, credit or finance 14, materials or components 16, others 3.

EXPORT TRADE

The 336 respondents completing the following questions have direct exports exceeding £10,000 per annum.

Are you more, or less, optimistic about your export prospects for the next 12 months than you were four months ago?

More Same Less  
(14) (44) (42)

Excluding seasonal variations, what has been the trend over the past four months, and what are the expected trends for the next four months with regard to:

Value of new orders received for export Up Same Down N/A Next four months Up Same Down N/A

Value of export deliveries 31 24 44 (1) 25 35 40 (1)

Average price at which exports are booked 64 35 6 2 65 25 5 3

What factors are likely to limit your ability to obtain export orders over the next four months? Please tick the most important factor or factors: Prices (compared with overseas competitors) 61, delivery date (compared with overseas competitors) 29, credit or finance 2, quota and import licence restrictions 3, political or economic conditions abroad 45, others 9.

machinery the comparable value of new export orders over the past four months—the worst result since the question was first asked in October 1958.

The short-term forecast in time is slightly more encouraging than in January, but still less favourable than at any other period since 1958.

On the basis of this and recent surveys "a substantial" fall in manufacturing investment in 1975 and 1976 must be expected," the CBI maintains.

On an unwieldy basis, 82 per cent. of all participants believe that investment over the next 12 months will be limited because capacity is adequate to meet expected demand.

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## INDUSTRIALS—Continued

| Stock                    | Price  | Div  | Yield | High   | Low    | Open   | Close  | Change |
|--------------------------|--------|------|-------|--------|--------|--------|--------|--------|
| British Petroleum        | 125.00 | 1.50 | 1.20  | 125.00 | 125.00 | 125.00 | 125.00 | 0.00   |
| Shell                    | 110.00 | 1.20 | 1.10  | 110.00 | 110.00 | 110.00 | 110.00 | 0.00   |
| Esso                     | 105.00 | 1.10 | 1.05  | 105.00 | 105.00 | 105.00 | 105.00 | 0.00   |
| British Airways          | 85.00  | 0.80 | 0.95  | 85.00  | 85.00  | 85.00  | 85.00  | 0.00   |
| British Overseas Airways | 75.00  | 0.70 | 0.93  | 75.00  | 75.00  | 75.00  | 75.00  | 0.00   |
| British Airways          | 65.00  | 0.60 | 0.92  | 65.00  | 65.00  | 65.00  | 65.00  | 0.00   |
| British Airways          | 55.00  | 0.50 | 0.91  | 55.00  | 55.00  | 55.00  | 55.00  | 0.00   |
| British Airways          | 45.00  | 0.40 | 0.90  | 45.00  | 45.00  | 45.00  | 45.00  | 0.00   |
| British Airways          | 35.00  | 0.30 | 0.89  | 35.00  | 35.00  | 35.00  | 35.00  | 0.00   |
| British Airways          | 25.00  | 0.20 | 0.88  | 25.00  | 25.00  | 25.00  | 25.00  | 0.00   |

## INDUSTRIALS—Continued

| Stock           | Price | Div  | Yield | High  | Low   | Open  | Close | Change |
|-----------------|-------|------|-------|-------|-------|-------|-------|--------|
| British Airways | 15.00 | 0.10 | 0.87  | 15.00 | 15.00 | 15.00 | 15.00 | 0.00   |
| British Airways | 10.00 | 0.05 | 0.86  | 10.00 | 10.00 | 10.00 | 10.00 | 0.00   |
| British Airways | 5.00  | 0.02 | 0.85  | 5.00  | 5.00  | 5.00  | 5.00  | 0.00   |
| British Airways | 4.00  | 0.01 | 0.84  | 4.00  | 4.00  | 4.00  | 4.00  | 0.00   |
| British Airways | 3.00  | 0.01 | 0.83  | 3.00  | 3.00  | 3.00  | 3.00  | 0.00   |
| British Airways | 2.00  | 0.01 | 0.82  | 2.00  | 2.00  | 2.00  | 2.00  | 0.00   |
| British Airways | 1.00  | 0.01 | 0.81  | 1.00  | 1.00  | 1.00  | 1.00  | 0.00   |
| British Airways | 0.50  | 0.01 | 0.80  | 0.50  | 0.50  | 0.50  | 0.50  | 0.00   |
| British Airways | 0.25  | 0.01 | 0.79  | 0.25  | 0.25  | 0.25  | 0.25  | 0.00   |
| British Airways | 0.10  | 0.01 | 0.78  | 0.10  | 0.10  | 0.10  | 0.10  | 0.00   |

## PROPERTY—Continued

| Stock           | Price | Div  | Yield | High | Low  | Open | Close | Change |
|-----------------|-------|------|-------|------|------|------|-------|--------|
| British Airways | 1.00  | 0.01 | 0.77  | 1.00 | 1.00 | 1.00 | 1.00  | 0.00   |
| British Airways | 0.50  | 0.01 | 0.76  | 0.50 | 0.50 | 0.50 | 0.50  | 0.00   |
| British Airways | 0.25  | 0.01 | 0.75  | 0.25 | 0.25 | 0.25 | 0.25  | 0.00   |
| British Airways | 0.10  | 0.01 | 0.74  | 0.10 | 0.10 | 0.10 | 0.10  | 0.00   |
| British Airways | 0.05  | 0.01 | 0.73  | 0.05 | 0.05 | 0.05 | 0.05  | 0.00   |
| British Airways | 0.02  | 0.01 | 0.72  | 0.02 | 0.02 | 0.02 | 0.02  | 0.00   |
| British Airways | 0.01  | 0.01 | 0.71  | 0.01 | 0.01 | 0.01 | 0.01  | 0.00   |
| British Airways | 0.00  | 0.01 | 0.70  | 0.00 | 0.00 | 0.00 | 0.00  | 0.00   |
| British Airways | 0.00  | 0.01 | 0.69  | 0.00 | 0.00 | 0.00 | 0.00  | 0.00   |
| British Airways | 0.00  | 0.01 | 0.68  | 0.00 | 0.00 | 0.00 | 0.00  | 0.00   |

## TOBACCO

| Stock           | Price | Div  | Yield | High | Low  | Open | Close | Change |
|-----------------|-------|------|-------|------|------|------|-------|--------|
| British Airways | 1.00  | 0.01 | 0.67  | 1.00 | 1.00 | 1.00 | 1.00  | 0.00   |
| British Airways | 0.50  | 0.01 | 0.66  | 0.50 | 0.50 | 0.50 | 0.50  | 0.00   |
| British Airways | 0.25  | 0.01 | 0.65  | 0.25 | 0.25 | 0.25 | 0.25  | 0.00   |
| British Airways | 0.10  | 0.01 | 0.64  | 0.10 | 0.10 | 0.10 | 0.10  | 0.00   |
| British Airways | 0.05  | 0.01 | 0.63  | 0.05 | 0.05 | 0.05 | 0.05  | 0.00   |
| British Airways | 0.02  | 0.01 | 0.62  | 0.02 | 0.02 | 0.02 | 0.02  | 0.00   |
| British Airways | 0.01  | 0.01 | 0.61  | 0.01 | 0.01 | 0.01 | 0.01  | 0.00   |
| British Airways | 0.00  | 0.01 | 0.60  | 0.00 | 0.00 | 0.00 | 0.00  | 0.00   |
| British Airways | 0.00  | 0.01 | 0.59  | 0.00 | 0.00 | 0.00 | 0.00  | 0.00   |
| British Airways | 0.00  | 0.01 | 0.58  | 0.00 | 0.00 | 0.00 | 0.00  | 0.00   |

## TRUSTS—Continued

| Stock           | Price | Div  | Yield | High | Low  | Open | Close | Change |
|-----------------|-------|------|-------|------|------|------|-------|--------|
| British Airways | 1.00  | 0.01 | 0.57  | 1.00 | 1.00 | 1.00 | 1.00  | 0.00   |
| British Airways | 0.50  | 0.01 | 0.56  | 0.50 | 0.50 | 0.50 | 0.50  | 0.00   |
| British Airways | 0.25  | 0.01 | 0.55  | 0.25 | 0.25 | 0.25 | 0.25  | 0.00   |
| British Airways | 0.10  | 0.01 | 0.54  | 0.10 | 0.10 | 0.10 | 0.10  | 0.00   |
| British Airways | 0.05  | 0.01 | 0.53  | 0.05 | 0.05 | 0.05 | 0.05  | 0.00   |
| British Airways | 0.02  | 0.01 | 0.52  | 0.02 | 0.02 | 0.02 | 0.02  | 0.00   |
| British Airways | 0.01  | 0.01 | 0.51  | 0.01 | 0.01 | 0.01 | 0.01  | 0.00   |
| British Airways | 0.00  | 0.01 | 0.50  | 0.00 | 0.00 | 0.00 | 0.00  | 0.00   |
| British Airways | 0.00  | 0.01 | 0.49  | 0.00 | 0.00 | 0.00 | 0.00  | 0.00   |
| British Airways | 0.00  | 0.01 | 0.48  | 0.00 | 0.00 | 0.00 | 0.00  | 0.00   |

## MINES

| Stock           | Price | Div  | Yield | High | Low  | Open | Close | Change |
|-----------------|-------|------|-------|------|------|------|-------|--------|
| British Airways | 1.00  | 0.01 | 0.47  | 1.00 | 1.00 | 1.00 | 1.00  | 0.00   |
| British Airways | 0.50  | 0.01 | 0.46  | 0.50 | 0.50 | 0.50 | 0.50  | 0.00   |
| British Airways | 0.25  | 0.01 | 0.45  | 0.25 | 0.25 | 0.25 | 0.25  | 0.00   |
| British Airways | 0.10  | 0.01 | 0.44  | 0.10 | 0.10 | 0.10 | 0.10  | 0.00   |
| British Airways | 0.05  | 0.01 | 0.43  | 0.05 | 0.05 | 0.05 | 0.05  | 0.00   |
| British Airways | 0.02  | 0.01 | 0.42  | 0.02 | 0.02 | 0.02 | 0.02  | 0.00   |
| British Airways | 0.01  | 0.01 | 0.41  | 0.01 | 0.01 | 0.01 | 0.01  | 0.00   |
| British Airways | 0.00  | 0.01 | 0.40  | 0.00 | 0.00 | 0.00 | 0.00  | 0.00   |
| British Airways | 0.00  | 0.01 | 0.39  | 0.00 | 0.00 | 0.00 | 0.00  | 0.00   |
| British Airways | 0.00  | 0.01 | 0.38  | 0.00 | 0.00 | 0.00 | 0.00  | 0.00   |

This service is available to every company in the United Kingdom for a fee of £25 per annum for each security.



# Arabs buy U.S. withholds force over ship seizure

BY PAUL LEWIS, U.S. EDITOR

WASHINGTON, May 13

BY MARGARET REID

AN ARAB consortium has, in a \$1.2m. deal, purchased a 35 per cent. stake in Edward Bates and Sons (Holdings) from Atlantic Assets Trust, the Edinburgh investment concern which has hitherto been Bates' largest shareholder.

The consortium, headed by a Saudi Arabian Prince, Abdullah Bin Mubarak Bin Abdul Rahman, has also been granted a three-year option by Atlantic Assets to purchase from it a further 15 per cent. holding, which would raise its interest to 50 per cent.

The holding, which has already gone to the Arab buyers, changed hands at 37½p a share, the market price when negotiations started some months ago but which is well below the present market level, 53p down at 85p last night. The option is to acquire the further shares at 55p each.

It was also intended to search out commercial opportunities of investment in the Arab world to develop resources there with Western expertise.

The group's Edward Bates Limited subsidiary has been an authorised bank since the end of 1973 and the Bank of England is understood to have given its blessing for the present deal.

Sale of a sizeable stake in Bates to Arab interests had been expected since this became known to be an aim of the Board following the disposal by Sir Max Rayne's London Merchant Securities in February of 1974 of its 25 per cent. shareholding.

The 17½ per cent. interest, which then passed temporarily to Atlantic Assets, raising the latter's stake to nearly 50 per cent., had been acquired in 1972 at 247p a share.

By early this year, the price had touched a low of 19p, after Bates had disposed of its ill-fated investment in Welfare Insurance at a loss of £9.7m.

If the Arab consortium exercises its option to buy another 15 per cent. in Bates, the holding of Atlantic Assets in the latter will drop to some 10 per cent.

News Analysis, Page 10

## Weather

### U.K. TO-DAY

BRIGHT SPELLS and showers. London, E. Anglia, Midlands, S.E., E. Cent. S. Cent. N. and S.W. England, S. Wales, Channel Isles.

Bright spells and showers. Isolated thunderstorms. Wind S.W., moderate. Max. 14C (57F). N. Wales, N.W. and N.E. England, Lakes, I. of Man, Borders, Edinburgh, S.W. Scotland, Glasgow, N. Ireland.

Bright spells and showers, some heavy. Wind variable. Max. 14C (57F). Aberdeen, Moray Firth, Caithness, Orkney, Shetland.

Rather cloudy. Occasional rain. Hill fog patches. Wind N.E., light. Max. 10C (50F). Cent. Highlands, Argyll, N.W. Scotland.

Occasional rain. Bright intervals. Wind N.E., light. Max. 11C (52F). Outlook: Showers and bright intervals. Warmer in S.

Lighting-up: London 21.12, Manchester 21.30, Glasgow 21.48, Belfast 21.50.

### BUSINESS CENTRES

| BUSINESS CENTRES |       |         |             |         |    |
|------------------|-------|---------|-------------|---------|----|
|                  | Y'day | Mid-day | Y'day       | Mid-day |    |
|                  | C 23  | F 29    | C 23        | F 29    |    |
|                  | W 24  | S 30    | W 24        | S 30    |    |
| Alexandria       | R 13  | 39      | Madrid      | R 13    | 39 |
| Amman            | R 13  | 39      | Manila      | R 13    | 39 |
| Baghdad          | R 13  | 39      | Mexico City | R 13    | 39 |
| Bahra            | R 13  | 39      | Montreal    | R 13    | 39 |
| Bangkok          | R 13  | 39      | Moscow      | R 13    | 39 |
| Batavia          | R 13  | 39      | New York    | R 13    | 39 |
| Bombay           | R 13  | 39      | Paris       | R 13    | 39 |
| Buenos Aires     | R 13  | 39      | Porto       | R 13    | 39 |
| Calcutta         | R 13  | 39      | Rangoon     | R 13    | 39 |
| Canton           | R 13  | 39      | Singapore   | R 13    | 39 |
| Cebu             | R 13  | 39      | Sourabaya   | R 13    | 39 |
| Colon            | R 13  | 39      | Taipei      | R 13    | 39 |
| Hankow           | R 13  | 39      | Tokyo       | R 13    | 39 |
| Hong Kong        | R 13  | 39      | Yokohama    | R 13    | 39 |
| Kobe             | R 13  | 39      |             |         |    |
| London           | R 13  | 39      |             |         |    |
| Lyons            | R 13  | 39      |             |         |    |

### HOLIDAY RESORTS

| HOLIDAY RESORTS |       |         |       |             |   |    |    |
|-----------------|-------|---------|-------|-------------|---|----|----|
|                 | Y'day | Mid-day | Y'day | Mid-day     |   |    |    |
| Algeria         | F     | 18      | 64    | Jersey      | R | 13 | 59 |
| Amman           | S     | 21      | 70    | Las Palmas  | C | 20 | 68 |
| Bahra           | S     | 21      | 70    | Malaga      | R | 13 | 59 |
| Bangkok         | F     | 18      | 64    | Manila      | C | 20 | 68 |
| Batavia         | R     | 14      | 53    | Mexico City | S | 23 | 72 |
| Bombay          | R     | 14      | 53    | Montreal    | S | 23 | 72 |
| Buenos Aires    | R     | 14      | 53    | Moscow      | S | 23 | 72 |
| Calcutta        | S     | 21      | 70    | New York    | S | 23 | 72 |
| Canton          | R     | 14      | 53    | Paris       | S | 23 | 72 |
| Cebu            | R     | 16      | 61    | Porto       | S | 23 | 72 |
| Colon           | R     | 16      | 61    | Rangoon     | S | 23 | 72 |
| Hankow          | R     | 16      | 61    | Singapore   | S | 23 | 72 |
| Hong Kong       | R     | 16      | 61    | Sourabaya   | S | 23 | 72 |
| Kobe            | R     | 16      | 61    | Taipei      | S | 23 | 72 |
| London          | R     | 16      | 61    | Tokyo       | S | 23 | 72 |
| Lyons           | R     | 16      | 61    | Yokohama    | S | 23 | 72 |

—S—Sun., F—Fair, C—Cloudy, R—Rain.  
T—Thunder.

PRESIDENT FORD is allowing the new Communist rulers of Cambodia more time to return the American merchant vessel they seized yesterday — although massive military preparations to snatch it back are apparently under way.

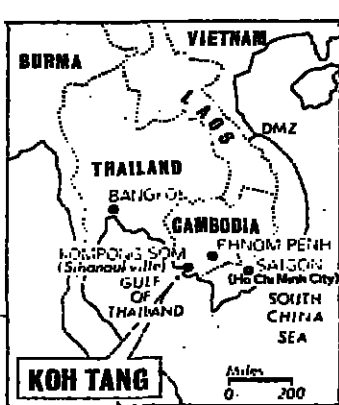
This morning, the White House spokesman said the President had not yet authorised the use of force to recapture the Mayaguez, which was boarded by a Cambodian gunboat on the high seas yesterday, and that he would consult with Congress before doing so.

Meanwhile, a minor mystery developed over the Mayaguez's cargo today, when it was admitted that the ship was sailing under a Defence Department charter to the military logistics centre at Sattahip and that about 10 per cent. of the goods on board were military.

Yesterday, the White House strongly denied that the Mayaguez was engaged in any kind of intelligence activity, and in Kansas City Dr. Kissinger said he understood it was not carrying weapons but stores (supplies for the NAAFI).

Dr. Kissinger was similarly cautious about U.S. intentions. He stressed the delicacy of the situation and said the U.S. should "wait a bit longer and see what diplomacy can achieve." He refused to comment on Cambodian intentions, but stressed again that the Administration took a very serious view of the situation.

Meanwhile, the Pentagon did not attempt to conceal the war-



like preparations it is making to snatch back the boat if the President decides that force should be used. Ships of the 7th Fleet, including the aircraft carrier Coral Sea, are on their way to the Gulf of Thailand, where the incident occurred. In Okinawa, 1,000 Marines are preparing to move to Thailand.

On the other hand, the President and Congress are now at one in believing that the U.S. must show the world at large that it still has power and resolution despite recent foreign policy reverses. For this reason, neither can easily accept another public humiliation in the hands of the Cambodian Communists.

In purely practical terms, however, it is difficult to communicate with the new Cambodian rulers, now that they have cut diplomatic relations with the whole world except for Communist China. The U.S. is believed to be making diplomatic approaches to the Peking Government through its liaison office there, but the task is said to be slow and difficult.

In Congress, the prevailing mood remains one of caution tinged with anger. Senator Robert Byrd, the assistant majority leader in the Upper House, spoke for many to-day when he said the U.S. should work through diplomatic channels but impose a reasonable deadline for the vessel's return. "If it is not returned by then," he told reporters, "we should take whatever action is necessary, including military."

His remarks reflect the grave dilemma that both the Administration and Congress now find themselves in as a result of the Cambodian action. Neither is anxious to get involved in another military operation in Indo-China so soon after the loss of Cambodia and Vietnam, no matter how great the provocation.

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## Plane hit

The Mayaguez itself is under constant surveillance by U.S. military reconnaissance aircraft, one of which was slightly damaged by small arms fire to-day. At first, the boat appears to have stopped near a small island some 30 miles off the Cambodian coast, and there was speculation it may have run aground or been sabotaged by the American crew.

# FNFC reports £8.3m. loss after putting aside £33m.

BY MARGARET REID

FIRST NATIONAL Finance Corporation, the secondary banking concern which has been heavily backed by the big banks' support consortium, yesterday announced that it had provided £33m. against its loans and investments, resulting in a £23m. net loss for 1974. In 1973, there had been a net profit of £9.2m.

Although the support loans of at least £300m.—which the clearing banks and the Bank of England have provided to the group during the secondary banking crisis—are being continued, it was made clear yesterday that a reconstruction of the group may still take place. This follows recent discussions which led to the conclusion that there should be no reshaping of the company for the moment.

Under management changes announced last week which brought the clearing banks into much closer control of FNFC's management, Mr. Maurice Denton of the National Westminster Bank is becoming joint managing director with Mr. Pat Matthews. The chairman, Viscount De L'Isle, is shortly being succeeded

by Mr. John Glyn, and two other senior clearing bankers have become directors.

In a letter to shareholders yesterday, Lord De L'Isle confirmed the continued backing of the big banks' support group and went on: "The support group have said that they believe (as indeed do the Board) that the time has come for a fundamental review of the position which may entail a restructuring of the group. It is not possible at this stage to give any useful indication of what such a restructuring is likely to involve."

## 'Difficult' climate

Introducing the details of the provisions, £22m. of which are against loans and advances, Lord De L'Isle refers to the operating climate during the past year as having been "exceedingly difficult," adding that this continued to be the case.

FNFC's profit in 1974, before provisions and taxation, was £27.3m., including £1.9m. from flat disposals, against profit of £30.7m. in 1973. After provisions, there was a pre-tax loss of £6m.

against a £17.9m. profit. Tax absorbed £2m., against £8.5m., and minority interests £3.3m., compared with £0.2m.

Details of the total £32.4m. provisions for FNFC, including those before 1974, show that the bulk were in connection with housing loans and other advances for property purposes. However, £9m. were against loans not secured by property, £3m. in connection with consumer credit, £8.5m. against quoted investments and £2.4m. against unquoted investments.

The proposal for the control of credit mix is understood to have met with a firm refusal, while the gentlemen's agreement on the question of exceptions and whether there should be guidelines, such as "exceptional" credits, if not dead, is now very ill.

Its only remaining provision in practice is the minimum interest rate of 7½ per cent. on credits over five years between provision and taxation, and Americans pointedly referred to the recent British, French and Italian credits for the USSR as breaking even this provision.

# Talks on agreement to limit export credit end in failure

BY DAVID CURRY

BRUSSELS, May 13

TALKS aimed at concluding a wide-ranging agreement on limiting export credit ended in failure here to-day.

The U.S., U.K. and the European Community failed to agree on guidelines which the Americans regarded as the minimum acceptable package and which even then they described as "a miserable deal."

Although there will be bilateral contacts over the next few weeks, the chief U.S. negotiator, Mr. Jack Bennett, Under-Secretary for Monetary Affairs at the Treasury, indicated that the U.S. would resume talks only if the package tabled this morning was accepted as the point of departure for future discussions.

The fundamental disagreement was between the U.S. and the French over interest rates and maturity periods, though it is believed that in the last resort Japan also balked at the proposals. The French refused to raise the minimum interest rate from 7½ per cent. without greater concessions than the

U.S. was prepared to give to wards shortening lengths of credit.

In addition, basic disagreements remained in the area of mixed credits, exceptions to guidelines in the case of very large contracts and cost escalation cover.

## Consultation

Generally the U.S. wished to advance minimum interest levels to 8 per cent. while France wanted to retain lower interest rates but to harden up considerably on lengths of credit to a general five-year maximum.

The attempt at compromise revolved around a procedure for consultation which would have been mandatory whenever credit terms went outside the prescribed limits.

According to the compromise required in the case of:

1—Credit periods longer than five years for wealthy countries (per capita income of \$3,000 a year); eight-and-a-half years for

"intermediate" countries (\$1,000-\$3,000); and 10 years for poor countries (up to \$1,000);

2—Down payments of under 30 per cent. of contract value for rich countries and 15 per cent. for others;

3—Any combination of export credit and development aid in which the latter was less than a quarter of the total. This was designed to prevent aid being used as an additional interest rate subsidy.

In addition, the compromise proposed a schedule of interest rates. Under this schedule rich countries would have had to pay 8 per cent. interest rate for credits up to five years, and more over longer periods. Other countries would have received 7½ per cent.

For credits of between five and 8½ years intermediate countries would have paid a minimum 7½ per cent. interest rate. Poor countries would have had to pay 7½ per cent. for credits between five and 10 years.

Editorial comment, Page 16

# Sugar price cut on way

BY JOHN EDWARDS, COMMODITIES EDITOR

THE PRICE of sugar should be cut in October by about 6p for a 2lb bag as a result of a Government subsidy, it now ranges between 26p and 30p a bag.

There is even a strong possibility that the price cut will be made earlier, perhaps in July, if demand stays at the present low level and surpluses continue to pile up.

The need for a price reduction, which may involve the Government in subsidies totalling up to £100m., results from Britain being forced in negotiations last February to pay a premium price needed to contract for their supply of 230,000 a long ton this year for piles well in advance and U.K. raw cane sugar imported from

usually supplies two-thirds of our annual requirements of 2.6m. tons.

The world market price has come crashing down from a peak of £550 to £180 a ton and there appears to be adequate supplies in the Community available at lower price levels. In the past three months of this year a much larger beet crop is likely in Europe.

Mr. Fred Peart, Minister of Agriculture, in a written reply to the House of Commons pointed out that many buyers of sugar have been forced to contract for their supply of 230,000 a long ton this year for piles well in advance and U.K. raw cane sugar imported from the Commonwealth, which tradi-

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# 'Bubbly' wins case over perry and cider

By Kenneth Gooding, Industrial Correspondent

IN A High Court judgment which will have far-reaching effects in Britain's drinks trade, Mr. Justice Whitford yesterday decided that the word "champagne" can no longer be used to describe sparkling cider or perry.

The Champagne producers last night claimed they had won "a total victory." For the case not only prevents the use of the expressions "champagne cider" or "champagne perry" but also any use of the word "champagne" in a manner calculated to lead to confusion and deception.

It is also bound to affect the presentation and promotion of sparkling wine in the U.K., where there have been a growing number of brands imitating the look and taste of Champagne sales. Last year, clearances from bond of Champagne in the U.K. slumped by 46 per cent., to some extent reflecting the de-stocking, but also giving a foreboding indication of the way sales fell away.

Mr. Justice Whitford clearly showed, for example, his disapproval of the use of champagne glasses to promote non-Champagne products and of other marketing techniques aimed at "transferring the glamour associated with champagne to other products."

## Injunction

The case originated in 1970 when the Champagne houses applied for an injunction to restrain Goldwell of East Malling from advertising a product as "a bubbly champagne perry." Goldwell subsequently withdrew its defence, paying costs.

However, both H. P. Bulmer and Showers, part of the Allied Breweries drinks group, felt the claim might damage their marketing methods and sought a declaration that they could use the word "champagne" as an adjective to describe some of their perry and cider.

It was also contended that the way the U.K. companies were using the word "champagne" broke Regulation 817/70 of the Common Agricultural Policy. The judge decided not to rule on this particular point.

Mr. Robert Keeling, for the Champagne producers, said they would be pressing for costs when the case is finally concluded. Costs on the Champagne producers' side alone could reach £100,000.

"It will certainly represent a sum large enough to keep the lawyers involved in Champagne for some years to come," said a solicitor after the hearing. Sovereignty at the EEC Court, Page 17

Men and Matters, Page 16

## THE LEX COLUMN

# FNFC's hopeful assumptions

Index fell 7.5 to 332.3

when it is still adding rolled up interest to outstandings.

It is, of course, possible that FNFC's margin of security was larger to begin with. But the company admits that on any other basis than a going concern basis there would have to be "material additional provisions" and it is worth remembering that London and County's eventual write-offs topped 30 per cent. Meanwhile, some valuations include planning consents and ODF's not yet granted, interest is assumed to be at recent levels, house sales are projected to continue at the improved levels seen in the first quarter of 1975, while improvements in hotel and London flat sales are forecast.

These assumptions may not all be unreasonable, but they are certainly not conservative; the board recognises that the values of the £26m. increase in the shares remain speculative, with the equity capitalisation as high as 50m. ahead of the reconstruction.

## Midland/S & C

Midland Bank was not the only potential buyer of Chase Manhattan's 12 per cent. holding in Standard and Chartered Banking, and it has had to pay yesterday morning's market price—just about a fifth below the all-time high—in order to clinch the deal. So Chase has realised a fat capital profit, and satisfied the Fed's disinvestment ruling. But the advantages for Midland are not so immediately apparent.

The purchase takes Midland's holding up to 16 per cent., and since it plans to treat S & C as an associate, it is under no immediate pressure to buy more. This accounting treatment is not unique—Turner and Newall, for one, equity accounts its 14 per cent. holding in Cerritos—But it is hard to see how Midland's avowed international ambitions can be satisfied over the long term by a holding of this size. At the same time, National Westminster must be asking itself about the continued relevance of its own 8 per cent. stake, though there have been no discussions on this score.

In cash flow terms, this investment will cost Midland roughly twice as much to hold as it will generate in dividends (£1.7m.) and it has a marginally detrimental impact on the free asset which again drops below average for the big four banks. This is because Midland included £13.4m. cash in the chase terms, taking the view there was a limit on how much more equity it could place on the market following the reconstruction.

United Biscuits, a food manufacturer, to raise its working capital. UBS's balance sheet was certainly stretched at the end of December with £50m. of debt against £30m. of shareholders' funds. But the £15m. of goodwill, but the £26m. increase in the shares during 1974 came from the Keelers acquisition in the food sector. The food dividend has been increased a quarter—apparently the maximum the Treasury would allow—for an ex-rights yield of 10 per cent.

Financing pressures are a feature of the Banks' interim statement. Profit is up 19 per cent. before interest but just 5½ per cent. after tax, at £13.2m. However, the group should shortly through its forward purchase plan, there have been price rises since December a February's £16m. rights is could easily clip £900,000 interest costs in the current half-year. All this may look more than a trifle conservative. A middle course between the various estimates projects 15 per cent. growth to £26½m. profit against a market capitalisation of 42p of £88m. Yield to per cent.

See also Pages 20 and 21

Continued from Page 1

# Pound's fall up 0.2%

John Bourne, Lobby Editor, writes: In response to Opposition pressure, either the Chancellor or the Prime Minister will make a statement on the economic situation next week—probably on Wednesday or Thursday—during a one-day debate on the economy. Whitehall last night gave no encouragement to suggestions that any new economic measures would be announced during the debate.

The Government's main speaker, who has not yet been decided on, is expected to lay most of his emphasis on a "tough" attitude to be adopted towards excessive wage claims, and especially those in the next round of claims in the summer.

Some Ministers yesterday dismissed the reaction of the Conservative Opposition to the downwards "float of the pound" and they predicted that to-day's trade figures would be broadly in line with the average trend of figures over the last three months.

The debate will be on an Opposition motion which is expected to press for economic measures to halt the slide in sterling. But the "shadow" Cabinet is divided on the strategy to adopt when any new measures emerge from the Government.

Some Tories urge support for drastic measures to sustain the Government—which otherwise would be unable to push them through because of Left-wing opposition—and that in return they should demand major changes in Government policies. Others argue that the Opposition should aim for a coalition government.

But Mrs. Margaret Thatcher, the Opposition leader, is understood to have recognised this as a "Heath" solution from Conservatives who have more in common with Mr. Roy Jenkins and Mr. Harold Lever than with her.

Moreover, she can see herself being left out of any coalition Cabinet.

## Accusations

Mr. Edward Short, Leader of the House, last night dismissed accusations of Government failure to "come to grips" with a critical economic and financial situation.

Among many hopeful signs he listed "rapid" improvement in the balance of payments, a "greatly improved" situation for company finances following the Budget and a better money supply position.

Employment: The number of companies reporting reductions in employment and forecasting further cuts are both records.

Corporate Liquidity: Although the answers to the special question asked on this subject "should be treated with caution," it appears that fewer companies experienced a deterioration over the previous 15 months than was the case last October—but six out of ten still felt that the situation had worsened.

Investment: About 34 per cent. of the companies taking part in the survey expect to authorise less expenditure on new buildings during the next 12 months

Continued from Page 1

# CBI on recession

trend shown by the survey would have been worse had the answers been expressed at constant prices.

Output: With the exception of the factory after the three-day week, the result for manufacturing industry as a whole is the lowest for three-and-a-half years and that for the consumer goods sector the lowest for almost eight years.

Investment: About 34 per cent. of the companies taking part in the survey expect to authorise less expenditure on new buildings during the next 12 months

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